هكذا من الأصل

Britain's economy

Turgut Ozal
How the West treated him shamefully
Page 14

Poacher turns gamekeeper
Zululand saves its animals by bringing a cliché to life
Page 12

Roger Altman
Clinton's Treasury man puts on a brave face
Page 14

FINANCIAL TIMES

Europe's Business Newspaper — WEDNESDAY APRIL 28 1993 — D8523A

Serb forces attack Moslems as tough UN sanctions start

Serb forces defied the international community by launching an attack in Moslem-held north-west Bosnia just as tough United Nations sanctions came into force against Belgrade.

Fighting also erupted in other parts of former Yugoslavia, one day after Bosnian Serbs refused to accept an international peace plan signed by rival Moslems and Croats. Page 16; Bosnia conflict reports, Page 3

Rate cut urged: Pressure on Germany to help speed up European growth intensified when Michel Camdessus, International Monetary Fund managing director, said a "substantial decrease" in German interest rates was appropriate. Page 6; G7 to focus on global economy, Page 6

Merger move: The New York Mercantile Exchange proposed a $10m merger with New York's Commodity Exchange, in a move that would create the world's fourth largest futures and options market. Page 28

Blow for Patten: Election victories by pro-Beijing businessmen have left the board of the Hong Kong General Chamber of Commerce evenly split between supporters and opponents of Chris Patten, the colony's governor. Page 16

VW tries to calm nerves of suppliers

The top management of Volkswagen attempted to calm the nerves of component-makers rattled by the company's plans to slash costs and reduce outside suppliers. The meeting, attended by representatives of 29 companies, was intended to counter ill-feeling and fears stirred by the arrival at Europe's largest car maker of José Ignacio Lopez (left), recently recruited from General Motors and installed as production and procurement director. Page 16

American Telephone and Telegraph, largest US telecommunications operator, is challenging British Telecom to agree to more than halve the "wholesale" price of transatlantic phone calls. Page 16

Anger over delay: Mexico's ruling Institutional Revolutionary Party provoked a storm by postponing elections for governor in the state of Yucatan from November this year to May 1995. Page 6

Mobil, big US energy group, reported a first quarter 1993 net profit of $490m ($1.19 a share), against a loss of $319m last time, following accounting charges. Page 19

Space deal: The Russian space industry signed its first contract to launch a western satellite, worth $36m, in what it hopes will be the first step into a lucrative western market. Page 5

Euro Disney, leisure group which this month celebrated the first birthday of the EuroDisneyland theme park near Paris, announced that it lost FFr1.08bn ($203m) in the first half of this year and was trying to secure new capital. Page 17

Shot down: the Angolan rebel movement, Unita, admitted that it shot down a UN relief aircraft near the eastern city of Luena on Monday.

ITT, US conglomerate, unveiled a 27 per cent rise in first quarter net income, reflecting sharply better performances at its finance, automotive and hotels businesses. Page 19

Closer ties: Four European airlines – Scandinavian Airlines System, KLM Royal Dutch Airlines, Swissair and Austrian Airlines – moved closer to integration by announcing plans to set up a jointly-owned company with a single management and balance sheet. Page 17

Northern Telecom, Canadian telecommunications equipment maker, is banking on higher capital spending by US telephone companies and continuing strong demand from the Far East and Latin America to reverse a 29 per cent slide in first-quarter earnings. Page 17

Hands-on approach: The ninth round of Middle East peace talks opened in Washington with the Clinton administration providing immediate evidence of its commitment to become directly involved in the negotiations. Page 4

Growth index rises: The two-year decline in the Japanese economy may be bottoming out, according to tha official index which predicts economic activity six months ahead. Page 4

■ STOCK MARKET INDICES		
FT-SE 100:	2832.7	(+10.4)
Yield	4.02	
FT-SE Eurotrack 100	1149.86	(-3.73)
FT-A All-Share	1395.92	(+0.3%)
Nikkei	20,286.71	(+583.06)
New York lunchtime:		
Dow Jones Ind Ave	3397.83	(-0.54)
S&P Composite	435.77	(+0.23)
■ US LUNCHTIME RATES		
Federal Funds:	2 13/16%	
3-mo Treas Bills: Yld	2.931%	
Long Bond	103 7/32	
Yield	6.868%	
■ LONDON MONEY		
3-mo Interbank	6 1/8	(same)
Liffe long gilt future:	Jun 105 5/8	(Jun 104 13/32)
■ NORTH SEA OIL (Argus)		
Brent 15-day (June)	$18.85	(18.9)
■ Gold		
New York Comex (June)	$352.1	(353.8)
London	$350.55	(351.5)

■ STERLING		
New York lunchtime:		
$	1.579	
London:		
$	1.578	(1.59)
DM	2.4925	(same)
FFr	8.415	(8.4275)
SFr	2.25	(2.255)
Y	175.5	(same)
£ Index	81.4	(81.5)
■ DOLLAR		
New York lunchtime:		
DM	1.58	
FFr	5.337	
SFr	1.42385	
Y	111.2	
London:		
DM	1.58	(1.5675)
FFr	5.3325	(5.3)
SFr	1.428	(1.4175)
Y	111.2	(110.4)
$ Index	63.5	(63.1)
Tokyo close Y 110.48		

Austria	Sch30	Greece	Dr300	Lux	LFr60	Qatar	QR12.00		
Bahrain	Din1.250	Hungary	Ft172	Malta	Lm0.60	S.Arabia	SR11		
Belgium	BFr60	Iceland	IKr180	Morocco	MDh13	Singapore	S$4.10		
Bulgaria	Lw25.00	India	Rs40	Neth	Fl 3.75	Slovak Rp	KSL45		
Cyprus	CC1.00	Indonesia	Rp3600	Nigeria	Naira30	Spain	Pta200		
Czech Rp	Kcs45	Israel	Shk5.90	Norway	NKr16.00	Sweden	SKr15		
Denmark	DKr16	Italy	L2700	Oman	OR1.50	Switz	SFr3.20		
Egypt	E£4.50	Jordan	JD1.50	Pakistan	Rs35	Syria	S£50.00		
Finland	FM12	Korea	Won 2500	Philippines	Pso45	Thailand	Bht50		
France	FFr8.50	Kuwait	Fils600	Poland	Zl 22,000	Tunisia	Din1.250		
Germany	DM3.30	Lebanon	US$1.25	Portugal	Es215	Turkey	L7000		
						UAE	Dh11.00		

Government likely to try to approve credit controls tomorrow

Russia risks social and economic chaos without fast reform

By John Lloyd in Moscow

RUSSIA faces financial collapse and risks a social explosion if President Boris Yeltsin fails to put radical economic reforms into place immediately, western economists and Russian officials warned yesterday.

The dominant fear in Moscow is that between now and elections – which could be held this autumn – the pre-referendum practice of keeping voters happy by delaying harsh reform measures and issuing boundless credits to avoid bankruptcies would continue.

Mr Sergei Shakhrai, deputy prime minister for nationalities and an important aide to Mr Yeltsin, said that without decisive action, "the rouble will disappear by the autumn" as more people lose confidence in it.

Mr Sergei Vassiliev, head of the government's Centre for Economic Reform, said there were "strong political imperatives now for delay in reforms. Mr Yeltsin should right now implement tough policies, but he won't." He said the government was not in control and he expected "there could be hyperinflation by the autumn. People don't understand what hyperinflation means, and so we will have to live through one before we get stabilisation."

The government meets tomorrow and is likely to try to approve the economic measures, including a control on credits, delayed by the referendum campaign.

Mr Grigory Yavlinsky, a prominent economist and a candidate for the presidency, believes the government also represents "an enormous compromise with conservative forces, which means that it is no longer able to control inflation, but is simply a forum for the political struggle".

Since Mr Yeltsin has constructed a compromise cabinet to placate the centre ground, whose support he needs, he will not disturb the balance before new elections – though Mr Shakhrai said there will be a "reshuffle of posts" in the next few days.

Within this cabinet, the radical ministers best known to the west are a small and embattled minority. Mr Boris Fyodorov, deputy prime minister in charge of finance, has claimed that of the 117 people of ministerial rank in the government, only four understood the market system: Mr Anatoly Chubais, deputy premier for privatisation; Mr Alexander Shokhin, deputy premier for foreign economic affairs; Mr Shakhrai and himself.

The latest Yeltsin appointment was Mr Oleg Lobov, an old ally of the president but deeply sceptical of radical reform. He is now first deputy prime minister in charge of the economy – vying with the other first deputy, Mr Vladimir Shumeiko and outranking Mr Fyodorov at the finance ministry. This issue is expected to be the subject of heated debate at the cabinet meeting tomorrow.

Mr Vassiliev said even the radical ministers had not been able to get a strong grip on credit expansion. This would lead, he said, to the recent fall in inflation from 27 per cent a month in January to about 15 per cent last month being reversed. Independent figures show there is likely to be a rise to 20 per cent or more this month and more in May, as raised pensions make an impact.

The fault, Mr Vassiliev said, lay not only with Mr Victor Gerashchenko, the central bank chairman. Too many government ministers issued credits without reference to each other.

Nation divided by money, power and sentiment, Page 2
Editorial Comment, Page 15

Speaker Ruslan Khazbulatov, President Yeltsin's chief rival, has warned that parliament will ignore the referendum result

Congress threat to end EBRD funding

By George Graham in Washington

THE US Congress is likely to refuse any further money for the European Bank for Reconstruction and Development as a result of the outcry over excessive spending on salaries, private aircraft and office fittings.

The Clinton administration has requested $70m in its 1994 budget for the US's share of the EBRD's paid-up capital, but senior members of Congress warned yesterday that they would almost certainly refuse the request.

The US is the largest shareholder in the EBRD, which has a total of 56 shareholders. The US accounts for 10 per cent of the bank's capital.

Senator Patrick Leahy of Vermont, the Democratic chairman of the Senate committee that controls foreign aid spending, gave a warning that he planned to reduce the EBRD budget allocation to zero unless very substantial changes in the bank's management were made.

He said yesterday: "I will not vote for one cent of money from the US for the EBRD unless I see very, very substantial movements towards reform – not promises of reform. There will not be one cent in my proposal unless I see that, and frankly I don't think I am going to."

Mr Leahy delivered a scathing indictment of EBRD's spending and of its chairman, Mr Jacques Attali. "I want to know why we should entrust another dime of the public's money to Mr Attali," he said. "It's almost like this money that has gone in there is a slush fund for personal use."

Republican members are likely to follow the Democrats on the EBRD. Senator Mitch McConnell of Kentucky, Mr Leahy's Republican counterpart on the foreign operations spending committee, said: "Short of immediate changes in the policies and practices of the EBRD, I – like the chairman – cannot support the administration's request for $70m."

Mr Lloyd Bentsen, treasury secretary, said he shared Congress's concerns about EBRD, calling its spending "absolutely unacceptable". He defended the

Attali's main task, Page 2
Continued on Page 16

Fed moves to prop up value of the dollar

By James Blitz in London and George Graham in Washington

THE US Federal Reserve intervened on the foreign exchange markets yesterday, buying dollars for yen, in the clearest indication yet that the Clinton administration is concerned about the recent appreciation of the Japanese currency.

The Fed intervened in support of the dollar against the yen for the first time this year after the US currency hit another all-time low of Y109.15 in New York.

Dealers said there were four rounds of dollar-buying by the Federal Reserve in New York at levels between Y109.50 and Y110.50. The intervention took currency dealers by surprise, pushing the dollar up to a London close of Y111.2.

There was no detailed explanation for the intervention from US officials. However, Mr Lloyd Bentsen, treasury secretary, told e Senate subcommittee hearing yesterday that excessive volatility in exchange rates could be counter-productive.

The US intervention also followed accusations by Japanese officials that the Clinton administration had been attempting to talk up the yen in an effort to reduce Japan's trade surplus with the US.

Mr Bentsen said: "I think there have been some misconceptions about US exchange rate policy. I want to underscore the administration's belief that exchange rates should reflect fundamentals."

Mr Bentsen was also reported as saying that there would be a communiqué on exchange rates after tomorrow's meeting of finance ministers of the Group of Seven leading industrial nations.

Foreign exchange analysts interpreted yesterday's move by the Fed as significant both for the yen/dollar rate and future US policy on the trade surplus.

Mr Mark Brett, an economist et Barclays de Zoete Wedd in London, said the Clinton administration might now be thinking that a continuing depreciation of the dollar would have only a limited impact on the trade surplus.

Currencies, Page 36

Political veteran accuses magistrates of conspiracy as Senate lifts immunity

Andreotti faces mafia links probe

By Robert Graham in Rome and Haig Simonian in Milan

AN ITALIAN Senate commission yesterday agreed to waive the parliamentary immunity of Mr Giulio Andreotti, seven times Christian Democrat prime minister, bringing him one step closer to being investigated by Palermo magistrates for alleged collusion with the Sicilian mafia.

It is the first time the commission has agreed to waive the immunity of such e prominent politician in a case of alleged links between the world of politics and organised crime.

Mr Andreotti, aged 74, has been in public office since the founding of the republic and is seen in Italy as the symbol of the political establishment long controlled by the Christian Democrats.

Yesterday he issued an angry statement repeating his view that the investigation by Palermo magistrates was a conspiracy to denigrate him. He added: "I have absolutely no fear of the truth and will vigorously use every means to unmask these incredible machinations."

The 215-strong Senate, of which Mr Andreotti is a life member, must conduct a secret ballot to validate the decision.

Yesterday, the voting of the 23-member commission was split according to political loyalty. The eight Christian Democrat members abstained, backed by two Socialists and the president of the commission, while one Liberal voted against him losing his immunity.

Mr Andreotti revealed on March 27 that he had been notified by Palermo magistrates they wished to investigate him for alleged links with the mafia. The Senate commission has been hearing the case since April 14, and has four times been sent extra documentation from Palermo.

The thrust of the Palermo magistrates' case is that Mr Andreotti has acted as the point of reference for the Sicilian mafia, Cosa Nostra, in Rome, especially to influence the course of court cases against senior mafia members. The evidence is based extensively on testimony of former mafia members co-operating with the authorities.

● Mr Gabriele Cagliari, the former chairman of Italy's publicly-owned Eni energy and chemicals group, yesterday admitted to having paid L26bn ($17m) in illegal contributions to the Christian Democrat and Socialist parties.

Mr Cagliari said the system of illegal funding preceded his tenure as chairman, which began in 1989, but admitted he bed not sought to stop the payments.

Earlier this month, Mr Franco

Continued on Page 16
Editorial comment, Page 15

Hoechst profits fall 28% in quarter as demand weakens

By Christopher Parkes in Frankfurt

THE ACCELERATING fall in demand in western Europe, especially in Germany, cut profits at Hoechst by 28 per cent in the first three months of this year, Germany's biggest chemicals company reported yesterday.

Hoechst said in an interim report that pre-tax earnings had fallen to DM436m ($278m), compared with DM605m, on sales 5 per cent lower at DM11bn.

Profits at the parent company tumbled 35 per cent to DM219m, and turnover fell 13 per cent to DM3.7bn during the quarter under review. Group pre-tax earnings for the whole of 1992 fell 18 per cent.

There was still no sign of an upturn in Europe, which accounts for more than half group turnover, although business had picked up slightly in North America in spite of pronounced weakness in pharmaceuticals sales. Retailers, the report said, had stocked up et the end of last year to beat price increases.

The group's drugs and health cere business, which yields almost a quarter of total turnover, had also suffered from the effects of bealth care reforms in Germany. Mr Wolfgang Hilger, chairman, told the annual meeting yesterday.

According to the interim report, domestic drugs sales were 10 per cent lower in the period under review, although total turnover from health care was down less than 2 per cent at DM2.6bn.

The biggest single drop in sales – 12 per cent – was recorded in the polymers business, within which bulk plastics suffered a fall of 20 per cent.

Mr Hilger attributed the 5 per cent fall in group sales to a 3 per cent drop in volume and a 1 per cent reduction in prices, while the effects of exchange rate changes had cost the group a further 1 per cent.

Mr Hilger said systems, technical facilities or shortages of personnel were not to blame for the recent series of 15 accidents, in one of which a man was killed.

He blamed "fate" for the "statistical frequency", and pointed out that the last accidental death in the German pareot's plant occurred 15 years ago.

The explosion that started the series was unprecedented in the company's 130-year history, he said. "On a statistical basis, e job in our factories is considerably safer than one in retailing," he said.

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Brussels set to reject DM1bn Ekostahl plan

By Andrew Hill in Brussels

CONTROVERSIAL plans to pump more than DM1bn ($600m) of state subsidies into the Ekostahl steel plant in eastern Germany are likely to be turned down by the European Commission today.

The decision will take the form of a proposal to member states rather than a binding ruling, and will be subject to ministers' unanimous approval, but is still likely to cause a storm in Germany.

Mr Günter Rexrodt, German economics minister, yesterday defended the Ekostahl plans in a last-minute attempt to influence the decision.

Mr Karel Van Miert, EC competition commissioner, is recommending that the plans should not be exempt from strict rules on state aid for steel producers. The Commission is under pressure from Germany, Spain and Italy to approve steel aid, but Mr Van Miert has repeatedly stressed that Brussels will adopt a tough attitude, to avoid a "subsidy race" among European governments when the whole industry is under pressure.

Mr Peter Schmidhüber, the German budget commissioner in Brussels, is understood to oppose the recommendation. But Mr Martin Bangemann, the senior German commissioner, has little choice but to support the plan, because he is jointly responsible with Mr Van Miert for the overall EC rescue package for the steel industry, based on painful capacity cuts across the Community. He has, however, called for a full discussion of the Ekostahl case in today's meeting.

An ambitious plan worked out by the Treuhand – the state agency responsible for privatising the east German economy – would involve modernisation of Ekostahl's cold steel works for DM310m. In a second phase, Ekostahl would be turned into a mini-mill at a cost of DM750m.

The Commission, which has already expressed doubts about Spanish plans to subsidise its steel industry, is gradually piecing together an overall rescue plan for the sector.

Last week it approved measures to protect the EC industry from unfairly cheap imports of Czech and Slovak steel. Today it will also discuss a package of social measures, including funding of at least Ecu240m ($293m), to help cover redundancy and closure costs in the industry.

EC industry ministers meet next Tuesday to discuss the latest developments in the sector, but the true extent of capacity cuts will not be clear until EC steelmakers present a firm restructuring plan at the end of September.

Commissioners are also expected to approve plans to open all EC telephone calls to competition.

Yeltsin heads for showdown with congress

By John Lloyd, Andrew Gowers and Edward Balls in Moscow

THE first shots in the post-referendum confrontation between the president and parliament in Russia were fired yesterday as President Boris Yeltsin's closest aides and ministers demanded immediate action on a new constitution and economic reforms.

At the same time parliament cancelled a presidential decree keeping in office a pro-Yeltsin republican leader who had been fired by his conservative parliament.

The parliament voted to annul the decree signed this month by Mr Yeltsin which restored in office Mr Vasily Guslyannikov, the president of the small autonomous republic of Mordovia who had been removed by an order of his Supreme Soviet. The deputies voted under article 109 of the constitution, recently introduced by them, which enable them to abolish all presidential decrees pending an appeal to the Constitutional Court.

Mr Sergei Shakhrai, the deputy prime minister and a key aide to Mr Yeltsin during his referendum campaign, said that Mr Boris Yeltsin should take the following steps in the days and weeks ahead:

● Consult with leaders of the regions and the republics on a draft constitution and a law on elections: on agreement, he would present them to the parliament and invite approval.

● Following a likely refusal, decree a new constitution which would replace the current Supreme Soviet and Congress of People's Deputies with a bicameral parliament, and further decree elections to these in the autumn.

Mr Shakhrai said Mr Yeltsin would meet regional and republican leaders tomorrow.

Mr Yeltsin's tactic, according to Mr Shakhrai, would be to proceed swiftly but without "major blunders" to fulfil the mandate given by the voters in bringing in constitutional and economic reform.

Mr Shakhrai, introducing the draft constitution, said that it laid the basis for a "presidential republic...with some of the values of a parliamentary system."

Mr Sergei Alexeyev, an expert on constitutional law who has helped prepare the constitution, said it was the blueprint for a truly federal state which would forestall the tendencies towards disintegration.

One such tendency showed itself yesterday with the announcement that citizens of St Petersburg, Russia's second city, had voted to turn their city into an autonomous republic.

Russian referendum

Percentage of voters who said they trust the president

Republics	
Adigey	43.9%
Beshkiria	60.9%
Buryat	51.8%
Ingushetia	2.3%
Chuvashia	36.9%
Deghestan	14.3%
Gorno-Altai	43.6%
Kabardino-Balkaria	35.8%
Kalmykia	67.5%
Karachaev-Cherkess	25.8%
Karelia	n.a.
Khakass	57.9%
Komi	73.0%
Mary-El	48.1%
Mordovia	38.0%
North Ossetia	63.3%
Tatarstan	n.a.
Tuva	n.a.
Urdmurtia	56.0%
Yakutia-Sakha	67.8%
Regions & districts	
Altai	47.7%
Khabarovsk	70.2%
Krasnordar	52.6%
Krasnoyarsk	65.2%
Evenki	n.a.
Taimyr	n.a.
Primorsky	71.0%
Stavropol	52.0%
Regions & districts	
Amur	43.0%
Arkhangel	n.a.
Nenyetsk	65.5%
Astrakhan	n.a.
Belgorod	52.0%
Bryansk	44.3%
Chelyabinsk	72.6%
Chita	43.3%
Agin Buryat	48.9%
Irkutsk	58.8%
Ust-Ordin Buryat	38.8%
Ivanovo	64.7%
Kaliningrad	58.7%
Kaluga	53.4%
Kamchatka	40.4%
Koryak	67.5%
Kemerovo	52.5%
Kirov	n.a.
Kostroma	56.6%
Kurgan	50.3%
Kursk	42.2%
St Petersburg	72.6%
Leningrad	59.6%
Lipetsk	43.2%
Magadan	74.4%
Chukot	70.0%
Moscow City	75.3%
Moscow	68.3%
Murmansk	60.7%
Nizhny Novgorod	63.6%
Novogrod	57.4%
Novosibirsk	65.0%
Omsk	56.0%
Orel	n.a.
Orenburg	50.6%
Penza	45.2%
Perm	76.6%
Komi	62.1%
Pskov	49.5%
Rostov	55.1%
Ryazan	n.a.
Sakhalin	60.9%
Samara	39.6%
Saratov	53.0%
Smolensk	70.2%
Sverdlovsk	84.4%
Tambov	44.0%
Tomsk	67.7%
Tula	61.3%
Tver	53.9%
Tyumen	58.4%
Khanty-Mansysk	n.a.
Yamalo-Nenyetsk	82.8
Ulyanovsk	47.5%
Vladimir	65.0%
Volgograd	63.1%
Vologda	n.a.
Voronezh	49.7%
Yaroslav	68.8%
Yevrey (Jewish)	58.6%

E German investment inflow to rise 20%

By Quentin Peel in Bonn

IN SPITE of the deepening recession in west Germany, investment in the eastern part of the country is expected to increase by almost 20 per cent this year, to more than DM135bn ($80bn), according to a new survey.

Tha rate of increase in investment has declined, after a jump of 33 per cent, from DM84.5bn in 1991 to DM112.8bn in 1992, according to the Munich-based Ifo economic research institute.

West German enterprises contributed DM41.8bn to the total investment in 1992, and are expected to invest DM48.9bn this year, with the recession undoubtedly causing a number of plans to be cut back, but, with commitments still pushing up the total.

The main areas of new investment in the massive inflow of cash to the former Communist East Germany are transport and communications (DM22bn in 1992, and DM24bn in 1993), manufacturing industry (DM22hn and DM26.5bn respectively), and service enterprises, including housing for rent, (DM28.2hn and DM34.3bn).

Ifo's calculations are based on a compilation of sources, including pnhlished investment plans of west German enterprises, information from foreign investors, the Treuhand privatisation agency, the federal statistics office, and Ifo's own investment surveys.

The institute's initial calculations of private enterprise investment in mid-1992 proved slightly over-optimistic, and had to be revised downwards hy some DM5bn in the latest survey – primarily reflecting lower investment in manufacturing industry. Housing investment, in contrast, expanded faster than first forecast.

The figures reflect heavy investment hy puhlic sector enterprises, including the Treuhand agency itself, seeking to restructure eastern companies for privatisation, by the German railways, and hy Deutsche Telekom, the telecommunications monopoly.

In 1993, the west German electricity utilities are expected to invest some DM13bn in overhauling the eastern grid and power stations, an increase of one third on the current year.

● Germany's inflation rate stayed stuhbornly high in April for the fourth month running, Renter reports from Frankfurt.

Preliminary figures showed annual west German inflation in April rose slightly to 4.3 per cent – at the top end of most expectations – from 4.2 per cent in March. The federal statistics office said prices rose 0.3 per cent in April, the same rate as the previous month.

IG Metall to pick targets for strikes

By Judy Dempsey in Berlin

THE leaders of IG Metall, Germany's powerful engineering union, will decide tomorrow where in eastern Germany to call strikes in support of higher wages in the region.

Where the strikes are held will depend on voting by steel industry members throughout the five eastern German states and by members in the metal and electrical industries in Saxony and Mecklenhurg Western Pomerania.

Union officials, and Gesamtmetall, the metal and electrical employers' association, expect more than 75 per cent to back strike action.

Gesamtmetall said: "The trends show that IG Metall will get what it wants – support for a strika – despite the high economic cost." IG Metall saidits information from the steel sector indicated strong support. Results of the balloting will be known today.

The strikes could start as early as May 3 and will be the first of their kind in eastern Germany since the 1930s. They are intended to put pressure on Gesamtmetall and Arbeitgeberverband Stahl, the steel employers, to change thair minds about ending a contract designed to equalise western and eastern wages hy April 1994.

The contract was signed in March 1991 between west German employers, eastern German managers, and IG Metall. But the employers have said they can no longer meet large pay claims because of recession in the west and lower economic expectations in the east.

The contract envisaged giving employees in the metal and electrical sectors in eastern Germany a 26 per cent pay rise, and a 21 per cent rise for those in the steel sector, beginning April 1 this year. These increases are calculated on wage levels which existed in March 1991, as well as west German pay increases since that date.

Wages for east Germans in these two sectors are below 70 per cent of west German levels.

Nation divided by money, power and sentiment

By Leyla Boulton in Moscow

THE WILDLY varying referendum results from the Russian Federation show a nation divided hy money, power and seotiment.

The sentiment was clearly demonstrated in the region around President Boris Yeltsin's home town of Yekaterinhurg, where he won his best result – 84.4 per cent support for the question: "Do you trust the president?".

The angriest response to Mr Yeltsin came from Ingushetia, a southern region wbere President Yeltsin has imposed emergency rule to suppress ethnic strife with only 2.3 per cent of voters saying they supported the president. The other party in that conflict, North Ossetia, which has enjoyed Kremlin support in repelling land claims by the Ingush, produced a 63 per cent "yes" vote for Yeltsin.

Elsewhere, the results were determined by whether Mr Yeltsin provided the best deal in terms of local prosperity and power. Nowhere was this clearer than among the Russian Federation's constituent republics, to whom Mr Yeltsin has promised varying degrees of economic and political self-sufficiency.

Yakutia-Sakha, which accounts for one sixth of Russia's land mass but less than 1 per cent of the population, produced 67.8 per cent in support of Mr Yeltsin. Its conservative but flexible leadership has negotiated substantial rights to local diamond and gold wealth, and associates his continued tenure with even more concessions.

Mr Yeltsin fared badly in republics like Bashkortostan (39.6 per cent of "yes" votes), whose striving for economic and political self-sufficiency has been far more confrontational.

Mr Yeltsin's support was also high in potentially rich regions like the Tyumen oil producing area, which produced 58.4 per cent of "yes" votes and sees its future in continuing reforms and more independence from Moscow. Mr Yeltsin can also point to support from industrial regions, where workers have been receiving unlimited wage rises despite many state-owned plants' financial difficulties and falling production.

In Chelyabinsk, which has severe ecological prohlems and a hostile local council which suspended the government's privatisation programme, Mr Yeltsin can take particular comfort from a 72.6 per cent majority in his favour.

However, the dictum that he has less support in the countryside seems to have been only true in the poorer agricultural regions. Mr Yeltsin failed to obtain a majority Kursk (42.2 per cent in favour) hut scraped through in richer southern agricultural lands like Rostov province (a 55 per cent majority), where people have heen promised precious extra land.

Attali pressed to get on with main task

The EBRD's board want focus fixed on helping ex-communist states, writes Peter Norman

MR JACQUES ATTALI, the flamboyant and controversial president of the European Bank for Reconstruction and Development, remains at the head of the institution he helped create. But after this week's very public expressions of concern hy bank governors over reports of the EBRD's high spending on its new building, he cannot yet be sure that he has the unreserved support of his main shareholders.

That will bang on the outcome, probably in a few weeks' time, of the investigation hy the hank's audit committee into the allegations of extravagance in fitting out its London headquarters. In the meantime, the countries that set up the bank will be pressing Mr Attali not to delay the organisational changes he has promised including the appointment of a strong budget director.

The ministers from the industrialised and former Communist countries that make up the bank'a board of governors signalled they want it to press ahead with its task of helping eastern Europe and the former Soviet Union develop market-based economies hy steering clear of EBRD management issues in the closed session of the bank's annual meeting on Monday afternoon.

Indeed, the session, which was devoted to the fostering of small and medium-sized enterprises in former Communist countries, could mark a new chapter in the bank's activities, if, as Mr Attali believes, it results in a more decentralised and responsive mode of operations.

But Mr Attali is not complately out of the woods. Although Mr Theo Waigel, German finance minister and this year's chairman of the EBRD board, said governors had not discussed this week appointment of a chief executive to strengthen management of the bank, officials said Bonn was prepared to revive the idea if necessary.

Under the Clinton administration, the US, which holds 10 per cent of the EBRD's capital and is its largest shareholder, has been far more supportive of the bank's aims than previously. But Washington is keeping its options open at least until the audit committee reports.

Mr Roger Altman, US deputy treasury secretary, praised the hank for providing financial support to the private sector in the new market economies. But he was careful not to endorse Mr Attali personally.

On the other hand, officials from the bank's member countries acknowledge tbat Mr Attali has achieved a great deal in the two years since the EBRD was inaugurated. He has kept the prohlems of the former Communist countrias in the public eye and has been prominent in support of more open markets in the west for the products of eastern Europe and the former Soviet Union. He is recognised as a source of dynamism and ideas from which the bank has profited.

There is also a realisation among many shareholders that the EBRD has a difficult task to perform that is not made easier by the statutes agreed by member governments at the time of its foundation.

It was at the insistence of those founding members that the bank was saddled with an unwieldy 23-person board of directors, each with an alternate and office. The bank must lend on good bankable deals but also must not be doing things that a normal commercial bank must do. As one official observed, such a condition, if taken to a logical conclusion, is a formula for inaction.

Economic and administrative problems in tha former Communist countries have been another factor behind the much criticised slow disbursement of funds. This was acknowledged on Monday by Mr Viktor Gerashchenko, the Russian governor, in an otherwise critical speech.

Member governments have sought this week to lend support to the bank's efforts and to prevent a decline of morale among its staff.

The EBRD can take heart from the fact that its biggest shareholders, the Group of Seven leading industrial countries, keep finding new tasks for it to perform. The multilateral nuclear safety fund, which the bank will help administer, will be operational this week.

Another sign of confidence in the bank is the proposed $300m fund to foster small and medium-sized businesses in Russia. The bank has bean asked to create and manage the fund.

Russians cool to new bank idea

By Anthony Robinson, East Europe Editor

RUSSfA'S depnty prime minlster, Mr Alexander Shokhin, yesterday dismissed the need for a new bank, modelled on the German Kreditanstalt fur Wiederaufbau, to foster the financing and development of small and medium companies in Russia.

"It is one of the main functions of the EBRD, we must huild on this," he said in an interview. "We should certainly use the German experience, hut if we create yet another bank we will waste more time and money."

Creation of a new bank was proposed by Mr Theo Waigel, Germany's finance minister at the opening of the EBRD annual meeting on Monday.

Mr Shokhin also toned down criticism of slow disbursement by the EBRD expressed by Mr Viktor Gerashchenko, chairman of the Russian central bank, in his official statement as Russia's representative on the EBRD board of governors. "It is true that disbursement is slow," said Mr Shokhin, "bnt that is more because of legal problems over the negative pledge clause demanded by the World Bank, than problems with the EBRD itself which operates on a more commercial basis."

When the EBRD sought to accelerate dishnrsements through the use of escrow accounts, it encoontered problems with legal experts at Russia's own finance ministry, he said. "Our experts feared that opening such accounts would facilitate the illegal flow of capital out of Russia. But after losing a year sorting out problems like these, we finally agreed on a formula using escrow accounts in a narrow range of approved banks."

Russia wants the EBRD to extend the range of projects it is prepared to finance away from the current emphasis on oil and other energy projects, but is also preparing for talks with commercial bank creditors aimed at rescheduling its $14bn debt to the London Club of bank creditors.

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Clinton keeps the Balkans guessing

Jurek Martin reports on the debate in Washington on what a 'stronger' Balkans policy should mean

ON GUARD: A Bosnian Serb soldier on duty at a Serbian television relay station yesterday, some 12km east of the Moslem town of Tuzla. The site has come under freqnent Moslem attack

PRESIDENT Bill Clinton can choose his words with great care. One adjective be has used more than once when publicly discussing his options in Bosnia is "humble", botb in contemplating the enormity of any form of US intervention and the intractahility of the Balkan prohlem.

Tbis senae of humility extends beyond the Oval Office to many of those contributing to the puhlic debate on Bosnia. For though there is a vocal US lobby for a maximalist US role, there are also plenty of voices advising caution. Both camps accept that there are no easy options.

Caught squarely in the confused middle is the American puhlic, intermitteotly bombarded with graphic media coverage but not consisteotly so. Last week, for example, the bloody end of the siege in Waco pushed Bosnia down the newslists.

The latest Newsweek poll split evenly – 47 per ceot to 47 per cent – in response to the question of wbether Bosnia was America's prohlem. A CNN/Gallup survey found a 62-30 per cent oppositioo to air strikes. It is wortb noting that Mr Clinton pays very careful attention to puhlic opinion.

Diviaions on the Bosniao options apply to Capitol Hill, where two Democrats influential in foreign affairs take diametrically opposed views. Congressman Lee Hamilton of Indiana, chairman of the House foreign affairs committee, argues that Bosnia is not e vital US interest, believes in continuing with sanctions and diplomatic pressure.

But Senator Josepb Biden of Delaware, chairman of the European aub-committee of the foreign relationa committee and just back from Bosnia, has put out an eight-point plan including immediate western air strikes and the lifting of the UN arms embargo against Bosnia itself.

Senator Bob Dole, the Republican leader, has also come out guardedly in favour of air strikes.

Inaide the administration, similar divisions apply. Mrs Madeleine Albrigbt, the UN ambassador, has advocated air strikes, allowoble, she says, without further UN approval. The 12 regional desk officers at the State Department endorse this approach. Mr Les Aspin, the secretary of defence, and Mr Anthony Lake, the national security adviser, are tbought to favour limited offensive action. But Mr Warren Christopher, the secretary of state, is thought to favour caution, as does General Colin Powell, chairman of the joint chiefs of staff.

Mr Clinton, who has problems with his own military on several froots, acknowledged at his press conference last week tha legitimacy of Gen Powell's view that "we must have a clearly defined objective that must be met".

In the media, the heavyweight pundits of the New York Times – Les Gelb, Antbony Lewis and A M Rosenfeld – bave thundered behind the cause of US action.

But the Boston Globe at the weekend advised against unilateral bombing. Richard Cohen, tha Washington Post columnist, wrote yesterday that the puhlic debate was still mostly among "engaged Op Ed writers" and tbat no popular mandate existed behind intervention.

Also weighing in behind intervention have been Mr Elie Wiesel, addressing Mr Clinton directly at last week's opening in Washington of the Holocaust museum, and, yesterday, Mr George Sbultz, secretary of state in the Reagan administration, who called for "very large, sustained air and sea based attack" on positions inside Serbia itself.

Amid this confusing welter of external and internal advice, with western Europe, after its latest foreign ministerial meeting, incapable of doing other than wait on the US initiative, and with still some uncertainty about the Russian reaction even after Sunday's referendum victory for President Boris Yeltsin, Mr Clinton has promised "a stronger policy" by the US and its allies "within a few days".

The New York Times, quoting an unidentified senior official, reported yesterday that the most likely US action would involve a programme of limited bombing of Bosnian Serb installations, designed to produce a ceasefire and a new round of negotiations. But it said that lifting the arms embargo was still under active consideration as an alternative to air strikes.

This would be preceded by further consultation with US allies and at the UN, perhaps including a European trip hy Mr Christopher or another senior official, more White House meetings, and extensive consultatioo with Congress. The task of preparing America for what comes next has barely begun.

Yeltsin warns Serbs over peace process

RUSSIAN President Boris Yeltsin warned Bosnian Serbs yesterday they could expect no protection from Russia if they continued to defy an international peace plan for the fragmented former Yugoslav republic, Reuter reports from Moscow.

But a Russian foreign ministry spokesman said the use of force hy an international military contingent could deepeo the conflict and spread it heyond former Yugoslavia's boundaries.

Mr Yeltsin described a plan drafted hy mediators Lord Owen and Mr Cyrus Vance and rejected on Monday by the Bosnian Serbs as the only prospect for peace in the region. The plan proposes dividing Bosnia into 10 provinces on etbnic lines. "The time has come for decisive measures to quell the conflict," he said. Mr Yeltsin's statement suggested a more confident Kremlin approacb to the former Yugoslavia following the president's victory over hardliners in Sunday's Russian referendum.

He won 58 per cent support in the plebiscite, which the presideot hopes will allow him to hreak the power of a parliameot heavily coloured hy nationalist thinking.

Nationalist oppooents of the presideot regard his support of international sanctions against Serhia, including the despatch of troops under the United Nations flag, as a betrayal of cultural and ethnic links with Slav Serbs.

Mr Yeltsin dispelled any possibility of Moscow breaking ranks with the west on former Yugoslavia as long as he was presideot. The west had long feared the Kremlin could back down on a joint front that had beeo a litmus test of the post-cold war order.

"The Russian Federatioo will not protect those who resist the will of the world community," Mr Yeltsin said, dashing any remaining Serb hopes of help from Moscow.

The Russian president, despite his refereoce to "decisive measures", did not make it clear whether Russia would back the use of force against the Bosnian Serbs if economic sanctions failed to make them pull back.

Greek exporters fear heavy losses

By Kerin Hope in Athens

NORTHERN Greek exporters claimed yesterday they will face heavy losses as a result of losing access to transit routes through Serbia with the tightening of United Nations sanctions.

The government said Greece intended to seek compensation from both the UN and the EC for sanctions-related losses.

At present, about 40 per cent of exports from northern Greece to the European Community, the country's main trading partner, are carried by truck through Macedonia and southern Serbia, then through Hungary and the Czech republic, an official from the Exporters' Association of Northern Greece said.

Trucks will now have to follow a longer route to Hungary through Bulgaria and Romania, taking 24 hours longer and adding up to 20 per cent to freight costs, the official said.

Moreover, imports of raw materials for northern Greek industry, will also be affected. About 1,600 trucks used to arrive every week in Thessalonika, the region's industrial centre, after transiting through Serbia.

Although some exporters started shipping goods by ferry from western Greece to Italy after conflict broke out in the former Yugoslavia in mid-1991, more than 20,000 Greek trucks used the route through Serbia last year.

The ferry ronte is mainly used by exporters based in southern Greece.

Dutch bank head wants sharp cut in budget deficit

By Ronald van de Krol in Amsterdam

THE Dutch central bank has called for the country's budget deficit to be cut to well below 3 per cent of gross domestic product, one of the main convergence criteria for creation of European monetary union later this decade.

Mr Wim Duisenberg, central bank president, said the Dutch hudget deficit should be kept below this European ceiling "hy a considerahle margin", partly to help accelerate reduction of public debt.

In 1992, the Dutch hudget deficit was equivalent to roughly 3.8 per cent of GDP, while public debt stood at 80 per cent of GDP, well above the Emu target of 60 per cent.

Speaking at the presentation of the bank's annual report, Mr Duisenberg said the government formed after next year's general election should aim to make a "substantial further reduction" in the deficit during its four-year term in office.

He noted that the Dutch government had so far managed to reduce the budget deficit in line with its annual targets, though this was sometimes achieved by raising taxes and aocial security premlums rather than cutting spending. "However, it is with concern that tha bank notes that in our country, too, discipline is in danger of slackening," be said.

Last week in Basle, Mr Duisenberg, who is chairman of the committee of European Community central bank governors, warned of the dangers of a widespread "structural deterioration" in state finances around Europe.

In its report, the Dutch bank cites population ageing as a reason wby the Netherlands should try to cut the deficit below the Emu ceiling and so gain control over interest payments on tha national deht, which now absorb 6 per cent of GDP. "Through lower interest payments, deficit reduction to a level significantly below 3 per cent of GDP would provide some leeway to cope with this pressure on expenditure which will inevitably have to be faced in the future," it said.

Japan shows a flicker of revival

By Charles Leadbeater in Tokyo

THE TWO-YEAR decline in the Japanese economy may be bottoming out, according to the official index which predicts economic activity six months ahead.

The official index of leading economic indicators, published yesterday, rose to 80 per cent in February. It was the second month in a row in which the index was above the 50 per cent level which marks the line between continued decline and renewed growth.

However, a clutch of other statistics, including a survey revealing sharp falls in consumer confidence in the first three months of the year, suggest the economy remains in a fragile state without strong signs of recovery.

The surge in the index of leading indicators was mainly due to low commodity prices, modest increases in the money supply, higher machinery orders, a sustained rise in housing starts and an improved outlooked for manufacturing industry's profits.

The leading index is a gauge of economic conditious six months ahead. The coincident index which measures current economic conditions rose to 66.7 per cent in February, the first time it has stood above 50 per cent for two years.

The Economic Planning Agency, which published the indices, warned it was too early to say the economy was about to recover. The surge in February came before the recent sharp appreciation of the yen, which may have damaged business confidence. It may also reflect only a temporary pick-up in business activity before the end of the last financial year on March 31.

Other figures published by the EPA suggest there is little prospect the economy will recover strongly or quickly.

Consumer confidence fell again in the first three months, by 1.3 per cent to 38.3 per cent. The fall was mainly due to a sharp deterioration in the employment outlook as companies cut staff. The employment outlook index fell by 14.4 per cent to 23.7 per cent.

A Ministry of International Trade and Industry survey of large retailers found that retail sales last month were 7.5 per cent down in the year before, the 10th consecutive monthly decline and the largest fall since the ministry began the survey in 1971.

Hotel occupancy rates in Tokyo were down 7 per cent last month on a year ago, while a survey of 100 top restaurants reported the lowest increase in sales, 2.8 per cent, since 1975.

The Ministry of Labour designated a further 19 industries as eligible for labour subsidies to help them through restructuring, while they reduce workforces. About 138 industries, with about 3.67m workers, are now eligible for the subsidies, which help to cover wages while workers are laid off or undergoing retraining.

Among the 19 sectors newly designated are the car and computer industries. The seriousness of the downturn was underlined by the first-ever subsidies given to the motor and computer industries to cover restructuring.

'Retire at 35' as workers lose jobs

By Michiyo Nakamoto in Tokyo

THE ECONOMIC slowdown in Japan, where many employers promise their workers jobs for life, is leading many companies to restructure, with two groups yesterday announcing voluntary redundancy programmes.

Japan Air Lines said it was opening its early retirement programme, which it had offered to employees over 45, to employees between the ages of 35 and 44.

Those who apply for early retirement will be awarded a 50 per cent increase in their retirement pay. The airline hopes to enlist 150 volunteers by the end of July.

"We have no intention of changing our basic policy of lifetime employment," a JAL representative said.

The airline is also offering a one-year leave of absence to managers over 50 to encourage them to consider a second career outside JAL. Managers who make use of the programme will be paid in full and are under no obligation to leave the company, the airline said.

JAL is suffering from a sharp downturn in business, with a fall-off in first-class air travel and intense price competition on international routes.

The company is expected to bave mada a Y50bn (£294m) pre-tax loss for the year to March, the worst result it has reported, and has signalled its intention to restructure its operations.

It has postponed the recruitment of stewardesses this April and announced that it will not recruit administrative staff and stewardesses next year.

Meanwhile Alps Electric, the electrical parts manufacturer, and its subsidiary, Tohoku Alps, are looking to cut their workforce by 12 per cent, or 1,300 employees, through a voluntary redundancy programme announced yesterday.

All employees with a year or more of service are eligible for 'retirement'.

Alps is closing three factories in northern Japan and reducing new recruits next year to 100 from a previous 400. Production at the factories, where Alps manufactures volume controls and switches, will be transferred to nearby plants and a facility in South Korea.

Alps also plans to start production through a joint venture in China soon.

The company has been hit by a sharp fall in the electrical appliance and motor industries which it supplies and expects to see pre-tax profits fall by about 70 per cent in the year to March to Y2.1bn.

It said it bad seen an increase in orders since last year but the recent strong rise of the yen had led to a drop in orders.

China's Wang Daohan (left) greets Taiwan's Koo Chen Fu yesterday at the highest level meeting between the two countries since the end of the Chinese civil war in 1949

China and Taiwan take steps to end enmity

By Kieran Cooke in Singapore

CHINA and Taiwan exchanged handshakes, pleasantries and a few barbed criticisms of each other as they met in Singapore for the highest-level contact between the two in more than 40 years of enmity.

"We have made good progress and look for better things to come," said Mr Wang Daohan, leader of the Beijing delegation. The talks, which conclude today, are described as unofficial, but it is clear that both Beijing and Taipei see this meeting as an important step towards improving relations across the Taiwan straits.

The two sides have apparently agreed to open a formal channel of communication – the first such move since the foundation of the People's Republic of China in 1949 and the removal of the Kuomintang forces of Generalissimo Chiang Kai Chek to Taiwan. Mr Wang said discussions on economic issues would be held soon.

There was also agreement on fishing disputes and on fighting piracy in the region. But suspicion and mutual distrust was evident. Mr Koo Chen Fu, leader of Taiwan's delegation, said the Beijing side had tried to raise the question of opening direct trade, shipping and air links with Taiwan. Taiwan is against any such direct links until China recognises Taiwan.

Taiwan is also frustrated by what it sees as China's refusal to offer any legal framework for the protection of large-scale Taiwanese investments made recently in the mainland.

Meanwhile the Taiwan opposition protested that Taiwan's negotiators were "selling out" the island's interests.

Israel announces plan to reorganise bank system

By Judith Maltz in Jerusalem

THE ISRAELI finance ministry and central bank yesterday unveiled a comprehensive reorganisation of the country's banking system. The reforms are designed to increase competition among banks, decrease their holdings in non-financial companies and reduce their role in the capital markets.

Under the programme, to be presented to the cabinet for approval on Sunday, the banks will not be allowed to hold more than 25 per cent of the shares in non-financial companies, and their total investment in non-banking assets will be limited to 25 per cent of their capital.

This proposal will force Israel's two largest banks – Hapoalim and Leumi – to sell off a significant share of their non-banking holdings. Hapoalim holds 40 per cent of Clal, one of Israel's largest holding companies, which has interests in electronics, textiles, trade and property.

Mr Amiram Sivan, managing director of Hapoalim, said the reorganisation plan would severely damage the international standing of Israel's banking system.

To increase competition among the banks, the three largest banking groups will also be forced to sell off some of their smaller banks. Under this proposal, Leumi will have to sell Bank Igud, Hapoalim will be forced to sell Bank Otsar Hahayal, and Israel Discount Bank will have to sell Barclays.

The three largest banks control more than 80 per cent of the banking activity in Israel.

"In my view, these decisions are right and necessary for the good of the economy," said Mr Avraham Shohat, finance minister. "On the one hand, they do not undermine the stability of the banking system, and on the other hand, they will lead to more competition and prevent conflicts of interest within the system."

The government in effect became the owner of the banks in 1983 when it bailed out the four largest banks, to the tune of $7bn (£4.4bn), following a share manipulation scandal. Under an agreement, due to expire this October, the banks continued to be run by their original owners and were never formally nationalised.

As part of the reorganisation programme, an accord will be put into effect in October under which shares in the banks will be transferred to public trusts which will elect directors in each bank and be in charge of policy until the banks are sold within the next three years.

The reorganisation is meant to pave the way for a public offering of 20 per cent of the shares in Hapoalim – the first of the big banks to be sold – at the end of May. An earlier plan to sell the shares was torpedoed three months ago by parliament, which demanded the government present it first with a concrete plan for structural changes in the banks.

Mideast peace talks reopen

By Roger Matthews in Washington

THE NINTH round of Middle East peace talks opened in Washington yesterday with the Clinton administration providing immediate evidence of its commitment to hecome directly involved in the negotiations.

Mr Warren Christopher, US secretary of state, called the heads of the five delegations, representing Syria, Israel, Lebanon, Jordan and the Palestinians, to a meeting last night, the first such gathering since the process was launched in Madrid in October 1991.

"The negotiations must be seen to work," he told a US Senate suh-committee yesterday. "A new sense of urgency and intensity in the talks must be evident."

Mr Christopher's initiative was recognition of the frailty of the peace process, suspended for over four months because of Israel's decision to deport more than 400 Palestinians from the West Bank and Gaza. The Palestinian delegation returned to Washington only after hitter debate, and will be under intense pressure to withdraw if progress is not made in the next few weeks.

Much of the occupied West Bank and Gaza Strip was paralysed by a strike yesterday called hy Hamas and other radical groups to protest at the resumption of talks. Anger in the occupied territories has been heightened by Israel's decision nearly a month ago to seal off the areas, barring nearly 120,000 Palestinian workers from their jobs. The government yesterday eased the ban, allowing back 20,000 employed mainly in construction and agriculture.

Israel is also expected to announce shortly the names of more than 30 Palestinians, deported some years ago, who will now be allowed home.

While these gestures may ease tension in the territories, the Palestinian delegation will need to show substantial progress towards self-rule if it is to check increasing radicalisation of the West Bank and Gaza.

Eritrea sees 99% independence vote

ERITREANS have voted almost unanimously for independence from Ethiopia in a referendum won after 30 years of civil war, Reuter reports from Asmara.

Provisional results of the United Nations-monitored poll showed more than 99 per cent of votes were in favour of independence for what has heen Ethiopia's Red Sea province. Mr Amare Tekle, head of the Eritrean referendum commission, said 1.1m voted Yes and only 1,822 voted No. More than 98 per cent of registered voters participated in the ballot.

UN observers said the three-day poll was "free and fair".

A formal declaration of independence will be made on May 24 – the second anniversary of the defeat by Eritrean guerrillas of the army of President *Mengistu Haile Mariam*, the fallen Ethiopian dictator. Eritrea is a former Italian colony which joined with Ethiopia in 1952.

Yemenis enthuse over first election

YEMENI voters embraced their first general elections enthusiastically and largely peaceably yesterday, with officials in the capital Sanaa saying that more than 95 per cent of the country's 2.7m registered voters may have turned out to vote, write Mark Nicholson and Eric Watkins in Sanaa.

Armed troops were abundant at most polling stations, part of a deployment of 37,000 countrywide, and one candidate was reported killed. Shooting, disturbances or irregularities were reported in at least six other constituencies. Bnt in general, orderly lines of men – and, for the first time in any Arabian Peninsula election, women – voted calmly.

International observers said they had noted some irregularities. The Financial Times saw *two occasions on which individuals managed to* vote twice. The international observers are due to report their findings tomorrow.

Sharif emboldened by street support

Dismissed Pakistani PM is in uncharacteristic fighting mood, writes **Farhan Bokhari**

NAWAZ Sharif is in fighting mood. For Pakistan's former prime minister, widely regarded as something of a reticent man with an awkward manner, that is a change.

What helps is that Mr Sharif is convinced that a growing number of people, especially businessmen, oppose the dismissal of his government by President Ghulam Ishaq Khan on charges of corruption ten days ago.

Mr Sharif's drive to regain power comes as Pakistan's week-old interim administration, whicb has promised to hold national elections on July 14, is showing signs of rifts between its key members.

Public support for Mr Sharif first became evident during his train journey from Islamabad to his home city of Lahore last week. Showered with rose petals during stopovers, he promised to fight back.

"Only one man [the president] is playing with the destiny of this nation," said Mr Sharif. "My *jihad* (holy campaign) is for the future of Pakistan. I am certain that the decision on July 14 will be in my favour."

He later visited Karachi, Pakistan's business city and capital of Sindh province, home to his political foe, Pakistan People's Party leader Ms Benazir Bhutto. Police used batons to fight back a crowd which swelled to thousands.

Now Mr Sharif is expected to travel to the North Western Frontier and Baluchistan provinces to try to establish himself as a national leader.

The business community is seen as vital to Mr Sharif's campaign. During his 29 months in office, Mr Sharif's government initiated wide ranging economic reforms aimed at unshackling the economy from the hold of the bureaucracy.

Although the interim government has insisted it will not reverse any of those measures and promised that Pakistan will honour all its domestic and international contracts, nervousness continues.

Pakistan's leading stock market, the Karachi Stock Exchange, lost 37 points, or roughly 3 per cent of its value the day after Mr Sharif's fall, the steepest drop on a single day this year. Since then, two government supported financial institutions have bought shares to prevent further falls. The index has recovered about 1 per cent since then.

Mr Naeem-ul-haq, a director at the Karachi-based Schon group which bought 3 of the 56 puhlic sector companies sold by Mr Sharif's government, says: "Nawaz Sharif's downfall has shattered business confidence. I have yet to meet one husinessman who feels positive about this change."

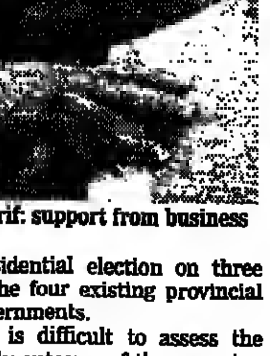
Another leading businessman says planned new investments have been put on hold "until it becomes clear that signs of uncertainty have ended".

"Mere statements of reassurances from the new government will not do the job," he says.

The uncertainty has been further intensified hy differences within the new government. Ms Bhutto wants the dissolution of the four provincial assemblies so that national and provincial elections are held simultaneously.

But her call is being resisted hy the president and the interim prime minister, Mr Balakh Sher Mazari. One of Ms Bhutto's aides says: "The option of [Bhutto supporters] leaving the new government is very much aliva if [our]demands are not met".

The president's resistance to diesolving the provincial assemhlies appears to be because he is due for re-election this November. According to senior officials, Mr Khan could rely for support in the presidential election on three of the four existing provincial governments.



Sharif: support from business

It is difficult to assess the likely outcome of the emerging rivalries between the different factions. What is clear is that Mr Sharif is taking his campaign to the streets with uncharacteristic boldness.

Afrikaners bury standard-bearer of apartheid

By Patti Waldmeir in Pretoria

YESTERDAY in Pretoria, the Afrikaner capital, the white tribe gathered to hury one of the last standard-bearers of apartheid, Mr Andries Treurnicht, academic and theologian, right-wing politician and champion of Afrikanerdom.

It was a subdued gathering, a manifestation of the confused and depressed state of Afrikaners, many of whom *still cling* to the teachings of the generation of Afrikaner churchmen epitomised hy Mr Treurnicht, who died of heart failure last Thursday aged 72: that the Bihle ordains apartheid, and that to violate it is to go against the will of God.

In the Dutch Reformed Church and in nearby Church Square, perched on folding chairs around the statue of Afrikanerdom's greatest hero, Paul Kruger, president of the 19th century Boer republic of the Transvaal, some 3,000 prayed for their departed leader.

But their bowed heads seemed to symbolise more than religious devotion: there was only the sense that old certainties were being buried, while no new certainties had emerged to take their place.

"He was the one that could save the Afrikaner," said a bearded man ruefully, as he walked in somhre procession to the grave, in a cemetery where Mr Treurnicht's mentor, Hendrik Verwoerd, architect of apartheid, is also buried.

"We have got the muscles, we have got the belief, and we have got the Bible – that's the most important thing," said another mourner, carrying the four-colour flag of the old-Transvaal republic. For him, the God of Abraham had decreed racial mixing a sin, whatever has been done hy the "new" Afrikaners of Mr F W de Klerk's government to cleanse the statute book of racial discrimination. For these mourners were honouring a man whose ideology was intellectually powerful, although hideously flawed: the last of a generation of devout conservatives who embraced apartheid as a religion.

They are left with leaders of a wholly different type: fanatics like Mr Clive Derby-Lewis, senior official of Mr Treurnicht'a Conservative Party, who is expected soon to be charged in connection with the murder of black activist Mr Chris Hani; and Mr Eugene Terre'hlanche, leader of the paramilitary Afrikaner Weerstandsheweging (Afrikaner Resistance Movement).

Dressed in the 1960s fashions which still predominate in Pretoria, with beehive hairdos and spiky heels, the matrons of Afrikanerdom standing beside husbands sang the anthem of the white tribe of Africa: Die Stem (the call).

But it was a flat performance, with nothing like the passion and anger which suffused the funeral anthem sung at the graveside of Mr Hani: Go Well, Umkhonto, militant hymn to a fallen warrior.

Next to 100,000 hlack mourners filled with righteous fury, the scant 3,000 baffled souls who mourned Mr Treurnicht yesterday seemed only pitiful: they know they have lost the battle, but have yet to come to terms with the peace.

S Korean president targets military corruption

By John Burton in Seoul

SOUTH KOREAN President Kim Young-sam has declared war on military corruption in the boldest move yet nf his political reform programme.

The investigation of the military establishment represents a direct challenge to the men who ruled South Korea for 32 years until Mr Kim became president in February.

The government is investigating allegations that military promotions and weapons procurement were heavily influenced by bribery during the administration of Presldant Roh Tae-woo, Mr Kim's predecessor.

A former chief of naval operations and a former marine corps commandant were charged yesterday with taking kickbacks on promotions between 1989 and 1991, while a former air force chief of staff, General Chung Yong-hoo, is under investigation for similiar charges.

Meanwhile, General Chung has alleged that corruption was involved in the government's sudden decision in 1991 to switch the selection of the conntry's next-generation fighter aircraft from the McDonnell Douglas F-18 to the F-16 of General Dynamics.

McDonnell Douglas was initally awarded the contract in 1989 for the $5hn (£3.14hn) Korean Fighter Programme, hut the government later cited budget problems in reversing the decision, explaining the F-16 was cheaper.

The government audit agency yesterday began probing procurement in the past decade, including pnrchase of the F-16 and snhmarines, tanks and other equipment.

The probes into the military, however, are fraught witb peril. They threaten to weaken further the already sensitive relationship between Mr Kim and the military when security tensions are rising due to North Korea's suspected development of a nnclear weapon.

The new president last month replaced the top military echelon, including the army chief of staff, in a bid to strengthen civilian control over the armed forces.

Tbe government has also cracked down on secret organisations among the officer corps that once wielded considerable political power, most prominent of which was the Hanahoe (One Mind) society, whose members included the two previous presidents.

Mr Kim's actions threaten to demoralise the armed forces and raises the possibility that they may oppose him.

"Military opposition to President Kim could occur if it thinks its vital interests are threatened, such as a major reduction in defence spending, or if relations between North and South Korea deteriorate dramatically," said Mr Ahn Chung-si, political science professor at Seoul National University. Officers could join "old guard" politicians and bureaucrats also threatened by the anti-corruption campaign, to try to stop the reform process, said Mr Ahn.

Ramos accused

A FORMER Philippine cabinet minister facing corruption charges alleged yesterday that President Fidel Ramos was linked to the purchase of 65 Japanese fire engines at inflated prices, Reuter reports from Manila.

Mr Luis Santos, the local government secretary of former President Corazon Aquino, was charged last Thursday along with six others with buying overpriced firefighting vehicles from a Japanese company.

Mr Santos said in a radio interview that Mr Ramos, then defence chief, was responsible for the decision to buy the trucks.

"The one involved was the former defence secretary. I was not involved in that. I even tried to block payment for that transaction but I resigned before I could do so," Mr Santos said.

Prosecutors said the fire engines were bought in 1991 from Japan's Taihei after the Korean company Ssangyong was originally awarded the contract by the bidding committee because of its lower bid.

Mr Santos, who was in charge of the police force, approved the purchase order, they added.

The overpayment amounted to 41.7m pesos (£1m).

S Korean president targets military corruption

Ramos accused

NEWS: WORLD TRADE

Brittan urges US to avoid sanctions

By Lionel Barber in Brussels

SIR Leon Brittan, EC Commissioner for external economic relations, yesterday urged the US to avoid imposing sanctions io tbe partially resolved dispute over governmeot procurement rules.

Sir Leon told the EC committee of the American Chamber of Commerce in Brussels that sanctions would be "unjustified", despite the failure of the EC and US to resolve the Clinton administration's demands for access to the Community's telecommunications market.

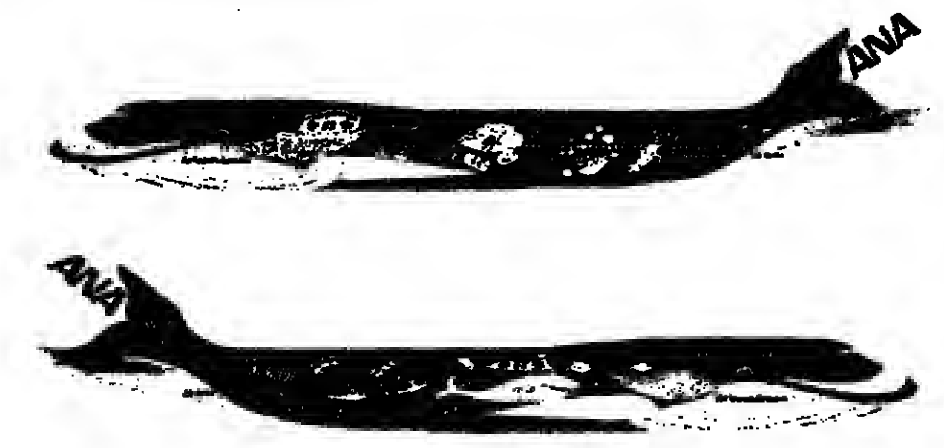
In his speech, Sir Leon also called on US local authorities to cod "Buy American" discrimination. He said European companies offered first-rate services, but they faced barriers in contracts ranging from hridge-building across tbe Potomac, the plaoned extension of Dulles International Airport, outside Wasbington DC, to the port of Los Angeles.

Recalling AT&T's plans to challenge BT and Mercury by offering private networks to international businesses in the UK, Sir Leon said: "If AT&T wants to dig up Europe's sidewalks, good luck. But why should Europe not hid to do the same in New York?".

A US decision on sanctions is believed imminent. EC officials are nervous about retaliation because Sir Lcoo has oo "ceasefire" understanding witb Mr Mickey Kantor, US trade representative. Frencb-led pressure for a tougb line on trade remains strong.

After last week's partial deal, Mr Kantor said US sanctions, which would have barred European companies from up to $50m in government contracts, would be scaled down "commensurate with the portion" that telecoms represents in EC-US contracts. EC officials insist this means that the US will avoid ection in telecoms, the prize the US covets most.

Sir Leon praised the agreement, saying it showed both sides could do business with each other, and that Washington was prepared at last to start dismantling 60 years of steadily increasing "Buy American" legislation.



IT'S a whale of a jumbo, as conceived by a 12-year-old Japanese schoolgirl. She has won a competition sponsored by All Nippon Airways (ANA), the country's largest airline, and her reward will be to see her design painted on one of its latest Boeing 747-400 jets, writes Paul Betts, Aerospace Correspondent. ANA saw its domestic passenger oumbers decline in the financial year just ended for the first time since 1985. It has also just cut its dividend. Two years ago, it asked its 14,000-strong workforce for ideas on how to improve competitiveness and attract more passengers. One favourite suggestion was to invite the public to draw a new colour design for ANA's aircraft. So, the airline asked Japanese children up to the age of 15 to submit designs. The winner was chosen from more than 20,000 entries. The repainted jumbo will enter service in September to coincide with the opening of a new passenger terminal at Tokyo's Haneda airport.

Belfast-New York air link

By Daniel Green

THE UK has authorised a scheduled air service between Belfast and New York, the first for almost a decade.

London wants the granting of the licence to be seen by Mr Federico Peña, the US transportatioo secretary, as a positive sign ahead of talks between the two countries over replacing their bilateral aviation agreement.

Mr John MacGregor, the UK transport secretary, said: "This is a special exception given outside the terms of the UK/US aviation agreement."

The new service – by American Trans Air, a US charter specialist based in Indianapolis – starts in June with three flights a week.

The UK and the US have given themselves a year to negotiate a new agreement.

Dumping complaints rising rapidly

By Frances Williams in Geneva

COMPLAINTS to the General Agreement on Tariffs and Trade over allegedly unfair use of anti-dumping actions to protect domestic industry are rising rapidly, reflecting the growing use of anti-dumping rules to keep out unwanted imports.

Dumping is normally defined as the sale of goods in foreign markets below their domestic price or cost of production.

New Gatt figures show that anti-dumping investigations by the 25 members of its Anti-dumping Code (the EC counting as one) rose to 237 in the year to end-June 1992, up from 175 in the previous 12 months. Australia (76) led the field, followed by the US (62), Mexico (25) and the EC (23). India (5) and Japan (3) carried out their first anti-dumping investigations.

Developing countries are increasingly frequent users of anti-dumping rules, though the main users (and offenders) are the leading industrialised traders. In mid-1992 the US had 236 anti-dumping actions outstanding and the EC 157.

Russia signs satellite deal

By Leyla Boulton in Moscow

THE Russian space industry yesterday signed its first contract to launch a western satellite in what it hopes will be the first step into a lucrative western market.

The $36m (£23m) deal between Inmarsat, the international telecommunications satellite operator, and Russia's Salyut design bureau, is for the launch in 1995 of a mainly US-huilt satellite on a Russian Proton rocket.

Mr Olof Lundberg, director-general of Inmarsat, said the leunch wonld cost "several million dollars" more than the $36m once his organisation had paid extra costs including those of adapting its satellite to a Russian launch. But it would still be cheaper than a western launch – according to one Inmarsat official, up to $10m less.

Mr Lundberg also made a plea in favour of more generalised Russian access to tbe western commercial satellite launcb market. "The Russian economy cannot only be somewhere where westerners invest and sell goods."

Fear of powerful Russian competition for western satellite launchers like Arienespace, which charges $62m for a similar service, has meant that thc west has yet to remove obstacles to Russia competing in this market.

The Inmarsat deal was only made possible by a US promise to grant an export licence so that the Inmarset-3 satellite, whose main contractor is Martin Marietta of tbe US but which also has some European components, can be exported to the former Soviet Union for launch from the Baikoour cosmodrome in Kazakhstan.

A draft agreement on the terms for this licence provides strict safeguards to guard the technological secrets in the satellite from Russians who will be working on the project.

The Russians have started parallel talks with the US and the European Community on a possible tripartite deal allowing them a certain number of launcbes e year and even setting price floors for their services.

Mr Dmitry Polukhin, Salyut's director general, said he expected agreement soon oo what share of tbe Russian side's profits would go to Kazakhstan, which now owns the Soviet-built Baikonur.

Mexico turns to import curbs as deficit grows

The door is less open to free trade, writes Damian Fraser

ONCE proud of its free trade credentials, the Mexican government of President Carlos Salinas de Gortari has taken a series of measures in the past few months to curb imports and to protect some of the country's most inefficient industries.

The change in policy has created some resentment in those countries affected and sits uneasily with the Mexican government's goal of joining a wider North American free trade area.

However, after witnessing a 262 per cent increase in imports over the past five years and seeing many of its largest industries hurt by foreign competition, the government has evidently decided enough is eoough.

Earlier this montb it imposed duties of up to 1,105 per cent on about $225m of imports from China, including clothes, shoes, textiles and toys that it alleges were being dumped in Mexico below cost. These later duties have been imposed before an investigation on the effects of Chinese dumping oo Mexican industries has been started. Were China a member of the General Agreement on Tariffs and Trade, such duties would have beeu a breach of the trade body's regulations.

Since September last year the government has introduced quality standards and regulations for imports that make exporting to Mexico more difficult, banned British beef for what it said was health reasons, then raised tariffs on all beef to 15 per cent. It also reduced the duty-free allowance at the border to just $50. This last measure provoked riots at several border towns by Mexicans who regularly do their shopping in the US.

In February, the government imposed countervailing duties on $116m of steel exports from six US companies, after alleging the steel products were being dumped on the Mexican market. The duties range from 0.8 per cent to 39.3 per cent.

While the measures are consistent with Mexico's membership of Gatt, they reflect a change in the government's objectives. In the past, the government encouraged imports to put pressure on Mexican companies to lower margins and increase productivity. But now officials seem more concerned about the effect of imports on employment and the current account deficit.

Mr Jacobo Zaidenweber, a textile producer, and private sector adviser to tba trade ministry during the talks on the North American Free Trade Agreement, says: "The government used to be very rigorous in promoting free trade. But now that there is a huge deficit and inflation is under control, there is a little fine-tuning. We see a new willingness of the government to correct the distortions of the market because of the changed priorities."

A trade ministry official says: "The perception I have is that industries are worried about cheap imports and the government has responded, but only when competition is unfair."

He adds that the government remains committed to free trade. Anti-dumping duties were only necessary, he says, because the economy was open, and had never been needed in Mexico's protectionist past.

The government's decision to help selected industries reflects an increased political sensitivity to the private sector at a time when the economy is slowing (growth was just an annualised 1.9 per cent in the fourth quarter last year) and because elections are due next year.

The new barriers will protect those industries that have been worst affected by Mexico's trade liberalisation. The toy industry, now protected by a 351 per cent tariff against Chinese imports, was seriously affected. According to Canacintra, a business chamber, sales of Mexican toys fell by 24.5 per cent last year.

The textile sector, now protected from Chinese imports by tariffs ranging from 54 to more than 500 per cent, has also suffered. In the past seven years the Mexican government had cut import tariffs from 50 per cent to 20 per cent, and eliminated import licences that were often never available.

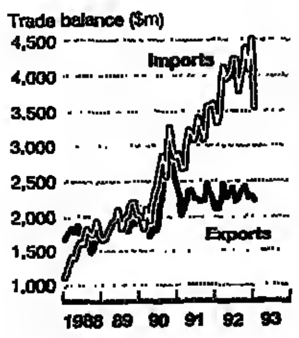
But the result has been a flood of cheap, mainly Asian imports. The domestic textile and clothing sector shrank by 5 per cent last year alone. Hundreds of textile companies have closed, with thousands of jobs lost.

A government official admitted last year that there was some connection between the new regulations on imports and a desire to improve the trade balance, but he thought the effect would be temporary as importers became accustomed to the new procedures.

Mexico's current account deficit last year was $22.8bn, with monthly imports about $4bn in the last nine months of the year. However, in January and February the growth in the deficit slowed markedly, with February's shortfall at $1.24bn.

While part of this reduction may be explained by the new measures, the reduction in economic growth also should have curbed the appetite for foreign goods.

Mexico



Source: Datastream

White House shrugs off Panetta's Nafta doubts

By Jurek Martin in Washington

THE White House yesterday tried to minimise the impact of published remarks by Mr Leon Panetta, the budget director, to the effect that its economic programme was in trouble in Congress and that the North American Free Trade Agreement (Nafta) currently was politically "dead".

President Bill Clinton said he had no reason to be angry with Mr Panetta. Ms Dee Dee Myers, the White House press secretary, insisted the legislative programme was "on track", that Nafta was "alive and well", and that Mr Panetta was only speculating on its prospects "if it went up to the Hill this week".

She said that whatever the current opposition the Nafta treaty would be seen in a different light when it was eventually presented for ratification with supplemental agreements now being negotiated with Canada and Mexico. Mr Lloyd Bentsen, treasury secretary, also told Congress yesterday that the treaty remained an administration priority.

Mr Panetta was particularly concerned at the anti-Nafta campaign being waged by Mr Ross Perot, last year's independent presidential candidate. This, he said, "makes it even more difficult" to get the treaty through Congress when it already had many enemies.

The general thrust of his comments, in an interview with US reporters, did not appear to belp the administration, recently defeated over the $16bn (£10bn) stimulus package and increasingly subject to criticism from Congress over various aspects of its extensive domestic agenda.

The budget director, a former congressman from California, specifically said he was advising Mr Clinton to delay releasing his plan for healthcare reform, probably due out next month, until after the budget reconciliation bill has been voted in June.

He predicted stiff congressional resistance to published proposals to trim the costs of Medicaid and Medicare, the federally funded health care programmes, to the energy tax in its present form, to the investment tax credit, already under fire from Democrats, and to the new student loan programme.

He thought there was no chance of passage of a value added tax unless it were a "revenue neutral" substitute for payroll and income taxes.

The president ran the risk of seeing his programmes torn apart by a combination of liberal Democrats and conservative Republicans. He urged Mr Clinton "to define his priorities more clearly," and to be willing to carry the fight for his proposals to the public.

Clinton brings spring to Bob Dole's career

Jurek Martin on the fixer and blocker who has been energised by the Republican party's straitened times

PRESIDENT Bill Clinton is not the only one in Washington commemorating a first 100 days this week. Senator Robert Dole of Kansas may have been the Republican leader in the Senate since 1984, but never before was he obliged to operate with a Democrat in the White House and with his own party in such apparent disarray after a sharp electoral repudiation.

If the president is getting predictably mixed reviews, Mr Dole is receiving surprisingly good ones. The big notch on his belt is defeat of Mr Clinton's economic stimulus package, achieved by holding together in a filibuster the 43 Republicans in the Senate.

This alone made Mr Dole, who will be 70 in July, a man to be reckoned with again, and his party's most effective national voice on everything from Bosnia to the budget. Some polls even make him the new favourite for the Republican nomination in 1996, remarkable since that would be 20 years after he came off so badly as a mean-spirited partisan vice-presidential candidate, when matched against Mr Walter Mondale, and after two poor runs at his party banner in 1980 and 1988.

Even his former enemies are impressed. Congressman Newt Gingrich, the conservative ideologue and Republican House Whip from Georgia, who once derided him as "the tax collector for the welfare state", now says "this is the best spring of Bob Dole's political career".

Senator George Mitchell, the Democratic leader and a personal friend, concurs, suggesting that Mr Dole "clearly has been energised by no longer having to carry water for the [Bush] administration." There is more than a little truth in this, for the caustic street fighter from Russell, Kansas, never had much personal truck with the patrician former president.

In defeat and victory, Bob Dole has been a conspicuous figure in Washington, where he is one of its funniest, sometimes most vicious and always quoteable politicians. Yet it did seem with the advent of the Clinton administration that at best he was holding the Republican fort while it sorted out its succession among the younger likes of former vice-president Dan Quayle, Mr Jack Kemp and Mr Dick Cheney from the Bush administration, Senator Phil Gramm from Texas, Governor Carroll Campbell of South Carolina and Governor Bill Weld of Massachussetts, and a few talk show hosts.

Even now, a good first 100 days in opposition is no guarantee of longer term success, and Mr Dole knows he is walking a very fine line. Frustrating Mr Clinton over the stimulus package, mismanaged as it was by the administration, may earn him Washington credits but not necessarily national approbation.

For example, a recent NBC-Wall Street Journal survey found 60 per cent believing that the Republicans were just "playing politics" in resisting the president's economic proposals: by a 52-29 per cent margin, those polled thought Mr Clinton was more serious about reducing the budget deficit than the Republicans were: and last year's independent presidential candidate Mr Ross Perot is back on television again, all the time muttering about "gridlock".

Logically, having drawn the president's blood, Mr Dole should be contemplating offering positive alternative policies, rather than recycling complaints about "tax and spend" Democrats.

His problem here is twofold: first, he is an expert legislative "fixer" and blocker but not a man with big ideas: second be is contemptuous of those in his party with big ideas (like Mr Kemp and Mr Weld) and the sharpness of his tongue often makes these feelings mutual.

Robert Dole: holding the Repnblican fort

He could also let the Democrats in Congress unravel the Clinton agenda, as they are perfectly capahle of dolng. There has been much talk in Washington since the defeat of the stimulus package about the balance of power on domestic issues shifting back from the administration to Congress, which is where it mostly resided from 1986-1992.

But if Mr Mitchell and Mr Tom Foley, speaker of the House, get their troops back in line, as they did over the first hudget bill, and if the president learns from his initial political mistakes, which he has in the past, then pure Republican obstructionism may not be enough.

There is a theory in the capital that the Republican leader's ulterior motive is to be invited to a seat at the Democratic administration's policy-making table.

Partisan he may be, but in the Reagan and Bush years he was also very much the arbitrator hetween the White House and both parties in Congress, a role which, as a proud man and as an insider, he found congenial and flattering.

This worries some keepers of the conservative flame, long suspicious of Mr Dole. A recent Wall Street Journal editorial, for example, concluded: "asked what price he wants for peace with Mr Clinton, Bob Dole said 'big'. We hope he means something bigger than merely being a 'player' with President Clinton."

On the other hand, "playing" with Mr Perot and his populist army is the sort of venture that might appeal to him, and many Republicans, even more. At least they talk the same plain language and Mr Perot is not a Democrat.

Canadian markets fall after budget

By Bernard Simon in Toronto

THE Canadian dollar and bond prices tumbled yesterday as financial markets signalled their disappointment at the federal government's unexpectedly meek assault on the deficit in its latest budget.

Business leaders were virtually unanimous in criticising Mr Donald Mazankowski, finance minister, for failing to take a bigger slice out of government spending at a time when public opinion is solidly behind greater fiscal discipline.

The budget, which left the deficit for the year to March 31, 1994, unchanged from last December's C$32.6bn (£16.3bn) forecast, is widely seen as an effort to avoid tough decisions ahead of the change in leadership of the ruling Progressive Conservative party in June, and the election which is expected to be called between August and October.

Observers suggested however, that the budget will clear the way for Mr Brian Mulroney's successor as prime minister to impose tougher curbs on government spending before the election.

The Canadian dollar lost almost a full cent yesterday morning to 78.65 US cents at midday. The Bank of Canada also pushed up its trend-setting bank rate yesterday for only the second time in the past 12 weeks.

Mr Mazankowski estimated the budget deficit for the year to March 31, 1993, at C$35.5bn, about C$8bn higher than his projection a year ago, and the second highest shortfall on record. He forecast that the deficit would drop to C$8bn in 1997-98, eliminating the need for new borrowings.

Economists queried his assumption that gross domestic product will grow hy an average of more than 4 per cent a year between 1994 and 1998. The Conservatives have consistently missed their deficit reduction targets since taking office in 1984.

Mr Lloyd Atkinson, chief economist at Bank of Montreal, warned yesterday that "when combined with the sharp deterioration at the provincial level, Canada now faces a fiscal crisis that, if not dealt with effectively – and soon – could precipitate a national economic crisis, characterised hy a much weaker Canadian dollar, sharply higher interest rates and significantly weaker growth."

Mr Mazankowski defended his budget strategy, saying that it offered a "business-like" approach, which includes signals of cuts in regional development programmes and defence spending. Mr Mazankowski is to meet provincial finance ministers next month to discuss a joint drive to cut budget deficits and public-sector horrowing.

Ontario's social democratic government, criticised in the past for spendthrift habits, announced sweeping spending cuts last week aimed at helping to reducing its 1993/94 deficit from C$17bn to ahout C$10bn.

Camdessus says way is clear for actions over interest rates

IMF chief urges Bundesbank cut

By Peter Marsh, Economics Correspondent, in Washington

INTERNATIONAL pressure on Germany to take further action to speed up European growth intensified yesterday when Mr Michel Camdessus, International Monetary Fund managing director, said a "substantial decrease" in German interest rates was appropriate.

Mr Camdessus did not specify when the Bundesbank should take the necessary action but said that because of the substantial slowdown in German economic activity "a rapid decline in inflation" was likely in Germany, leaving the way clear for further monetary easing.

Even though he acknowledged growth prospects for the industrial world had deteriorated in recent months, Mr Camdessus was generally upbeat about the possibility of a broadly based world recovery. This was on the grounds that several leading nations bad already taken steps to stimulate economic ectivity and cut budget deficits.

"Among the industrial countries there is a sense of action," Mr Camdessus said. He said that at meetings in Washington later this week leading nations would send a "message of confidence" that the world outlook was improving.

An important stimulus to world growth was that many developing nations had performed "hrilliantly" in recording substantial economic growth and avoiding the slowdown in the industrial world. He singled out India for its "admirable" recent actions in economic reform.

Mr Camdessus was speaking at a press conference before tomorrow's meeting in Washington of finance ministers and central bank governors from the Group of Seven leading industrial nations – the US, Japan, Germany, France, Britain, Italy and Canada. The IMF's policy-setting interim committee, representing 24 countries, is meeting Friday.

Mr Camdessus's comments appeared substantially more optimistic than the tone of the IMF's twice-yearly report on the world economy which earlier this week painted a hleak picture of the immediate outlook. It was particularly gloomy about Europe and said prospects for a substantial increase in international growth were "hesitant and uneven".

Although the US government should take extra steps to bring down its fiscal deficit in the longer term, Mr Camdessus welcomed the "bold" action by the Clinton administration in announcing its budget consolidation plan.

He was encouraged also hy programmes ln the UK and France to rednce government borrowing and by the Japanese government's recently announced package of spending measures to speed growth. He welcomed clear signs in the UK that its two and a half year recession was over, and while stressing that more action was needed had been pleased to see recent cuts in the Bundesbank's leading interest rates.

US consumer confidence up

US CONSUMER confidenca rose last month after three consecutive montbs of declines, the Conference Board said yesterday, Renter reports from New York. The board's closely watched consumer confidence index rose to 67.7, from 62.6 in March.

The board said people were more positive in their assessment of likely conditions and moderately more optimistic in their expectations for the month ahead. "While the improved April consumer confidence reading is encouraging, a single month of improvement after three consecutive months of decline is still unconvincing," said Mr Fabian Linden, for the board.

G7 focuses more on medium term

By Peter Norman, Economics Editor

TOMORROW'S meeting of finance ministers and central bank governors from the Group of Seven leading industrial countries should be able to focus on medium term problems facing the world economy as well as the short term outlook.

For although the International Monetary Fund this week scaled down its expectations of global economic growth this year, developments over the past three months in the US, Japan and Europe have brought policies in the main industrial countries into better balance.

However, US moves to cut its budget deficit, the Japanese growth package and the slow decline in German interest rates may not be beyond criticism.

In discussions ahead of this week's meetings of the G7 and IMF in Washington, some of America's partners have warned that the US deficit reductions are no more than a useful beginning.

Japan's partners find it difficult to estimate how far the Japanese package will boost the economy, while the US this week said it would like further cuts in German rates.

The moves represent a willingness on the part of the main industrial countries to share responsibilities for strengthening the world economy. Policymakers believe they sbould contain downside risks to the global economy and ensure that tomorrow's G7 meeting in Washington is harmonious – in contrast to some in past years.

If harmony does prevail, much of the credit will go to Mr Lloyd Bentsen, the US Treasury secretary, who has pursued a policy of avoiding international economic confrontetion. "It is excellent working with Bentsen," a German official enthused yesterday. European officials report that the US now takes the views of its G7 partners seriously.

This month's agreement on measures to help Russia has also boosted confidence in the G7 as a forum for co-operation.

British officials expect Mr Norman Lamont, the chancellor, to underline the importance of pushing ahead with structural reform, including the need to remove rigidities in continental Europe's labour markets. He will also stress the importance of a liberal world trading system and the need for western industrial countries to open their markets to goods from eastern Europe and the former Soviet Union.

Gunmen press their demands

HOODED men holding 19 Costa Rican Supreme Court judges at gunpoint were demanding $20m and safe passage out of the country, officials said yesterday, Renter reports from Costa Rica.

News reports said the hostage-takers were linked to Colombian cocaine barons and wanted the release of, among others, Colombian drug boss Mr Carlos Urquijo, who was captured in Costa Rica last September. At least five heavily armed men burst into the Supreme Court on Monday and seized the judges as they held a weekly meeting.

Anger as Mexican poll postponed

By Damian Fraser in Mexico City

MEXICO's ruling Institutional Revolutionary Party (PRI) has provoked a national storm by postponing elections for governor in the state of Yucatan from November this year to May 1995.

The local Yucatan Congress, which is controlled by the PRI and satellite parties, changed the state constitution on Friday, enabling the vote to be postponed.

The Congress will now select an interim governor to rule from February 1994 to July 1995.

Mexico's centre-right National Action Party (PAN) was seen as having a good chance of winning November's election. The state is one of the PAN's strongholds, and the mayor of Merida, the state capital, is from the party. The new election will be held after the September 1994 presidential election, thus forestalling a potentially embarrassing loss for the PRI, or opposition protests, at a sensitive time.

On Sunday the PAN organised a referendum and protest march in Merida against the change, with an estimated 40,000 supporters. The PAN is also seeking legal action against deputies who approved what it considers an illegal modification to the constitution. It may walk out of negotiations over party financing reform in protest.

The local PRI has defended the move, arguing that it was not in Yucatan's interests to hold its gubernatorial election so soon before the presidential election.

Boarding at private schools falls by 6%

By John Authers

BRITAIN'S private schools saw the number of live-in pupils fall by 6 per cent last year, the steepest decline since records began in 1982, according to the Independent School Information Service (Isis).

The independent sector, dominated by famous schools such as Eton and Harrow, was hit by a 10 per cent fall in the number of so-called "boarders" in the previous three years, according to the Isis census, covering 80 per cent of pupils in fee-paying schools.

Average annual fees have risen to £9,375 for boarders, an increase of 8 per cent. Overall, independent school fees rose on average by 8.3 per cent – more than three times the rate of inflation and almost double the rate of increase in average earnings.

The sharpest falls in numbers came at the preparatory level, with the number of eight-year-olds falling by 16.9 per cent, and the number of nine-year-old boarders falling by 15.1 per cent.

Mr David Woodhead, director of ISIS, said: "We've had a long-term gradual decline in the number of boarders in our schools and this shows the extent to which the recession has hastened that decline."

Day schools, where termly fees average £1,368, were more resilient, with day boys dropping by 0.5 per cent, and the number of day girls increasing marginally, by 0.1 per cent.

This resulted in a total drop in the independent school population of 1.5 per cent. This is the second annual fall in succession, following nine years of steady growth.

New spending on buildings and equipment per pupil fell by 10 per cent.

More than a quarter of pupils are receiving financial help, the highest figure recorded. Schools provided scholarships or bursaries to 16.9 per cent of pupils – more than double the rate in 1982. Take-up of the government assisted-places scheme for pupils from low-income families rose by 3.4 per cent.

ISIS defended the increase in fees, pointing to the cut in spending on building and equipment, and the rise in teachers' pay in the public sector, which it put at 9.5 per cent for 1992. Mr Woodhead said: "Local authority spending on education in 1992-93 is allowed by central government to rise by 7.1 per cent – more than three times the current inflation rate."

UK directors warn of risks to recovery

By Michael Cassell and Emma Tucker

BRITISH business leaders yesterday warned long-term recovery will be threatened without fundamental changes in government policy.

The gloomy prophecy came as the Confederation of British Industry (CBI) announced the sharpest rise in business optimism since 1983 in the first four months of this year, with exports driving a significant improvement in manufacturing output and order books.

The generally upbeat survey follows the release of other encouraging economic indicators this week. But delegates to the Institute of Directors (IoD) annual convention in London heard business leaders warn that Britain could slip back into a boom-bust cycle without *a fundamental rethink of economic strategy*.

Mr Peter Morgan, the IoD's director general, said the business climate was improving but Britain risked re-entering the "dreary pattern of post-war economic decline" unless business and government worked together to build lasting prosperity.

Accusing government of being "in the hands of economists", Mr Morgan said any recovery on the way was "more or less over the dead bodies of Bank of England and Treasury officials". He called for an independent central bank to oversee a policy of "sound money" and the right financial framework for stable economic growth.

Comparing the economy to a sick patient, Lord Young of Graffham, the former cabinet minister and current chairman of Cable & Wireless, said it "is still in intensive care. We cannot afford any sudden shocks".

His sober diagnosis of the economy found plenty of sympathisers at the convention.

Sir Alistair Grant, chairman of Argyll Group, the food retailer which owns Safeway, Presto and Lo-Cost, attacked the government for being "in the grip of events" and for lack of vision. *The state of the economy today, he said, was* "very largely the consequence of Tory government policy".

The CBI's latest quarterly industrial trends survey reported that while the manufacturing sector is emerging from recession, the strength of recovery is threatened by economic slowdowns in other European countries.

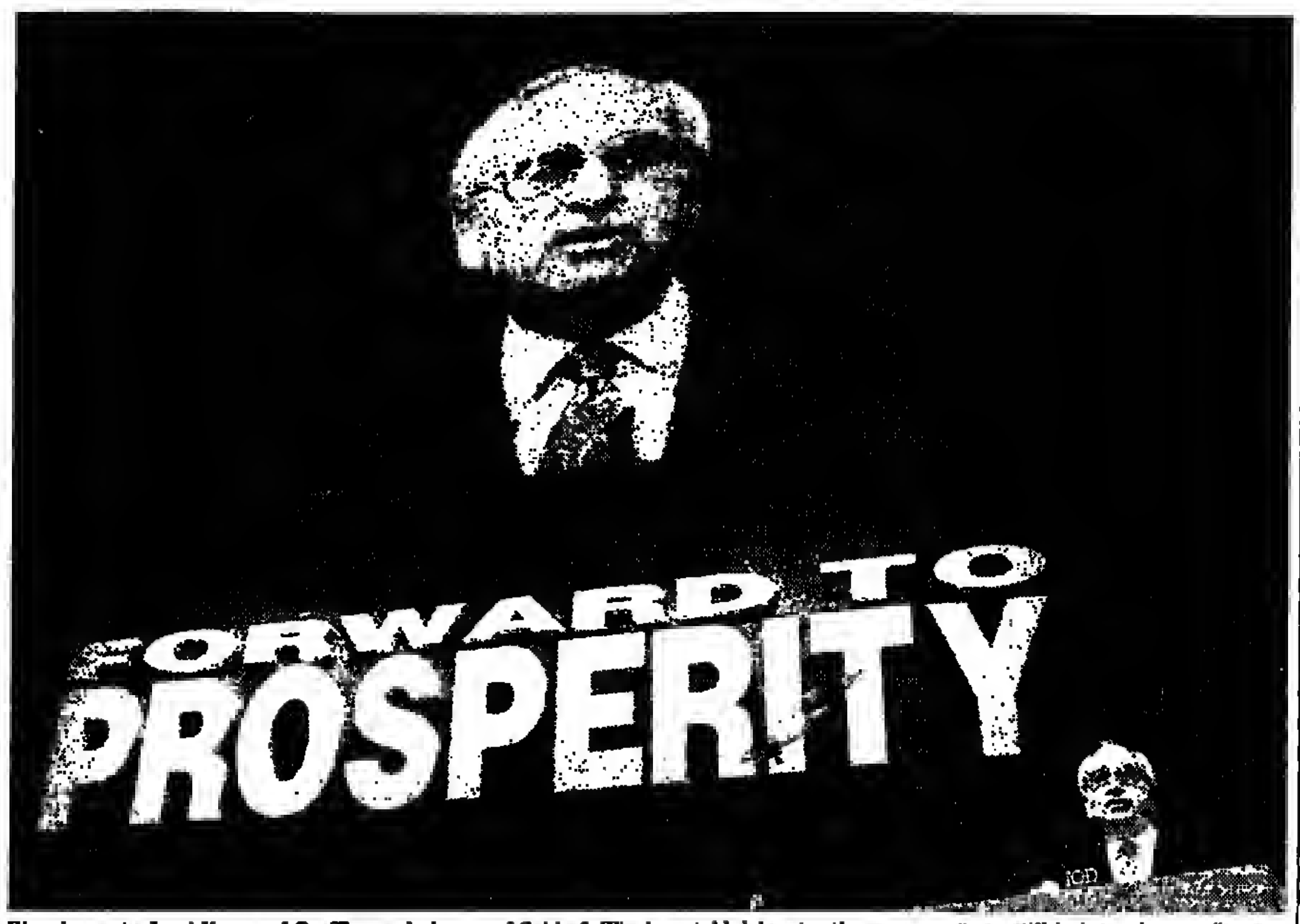
Sir David Lees, chairman of the CBI's economic affairs committee, acknowledged the findings of the latest quarterly industrial trends survey were positive but said industry was waiting to see its trends confirmed: "We can't yet be fully confident that the economy is on a firmly upward path," he said.

The survey showed that a three-year decline in total new orders came to an end in the first four months of this year. Manufacturers, who have depleted stocks to their lowest level for almost three years, are now expected to increase output at the quickest pace since 1989.

Exports rose in the last four months, suggesting that the effect of British industry's competitive edge is outweighing the difficult economic conditions of the UK's main European trading partners. According to the CBI, only 50 per cent of the survey's respondents cited price as a constraint on export orders.

The bad news was that both investment and employment in manufacturing are expected to continue falling, albeit at a slower rate than for most of last year.

The weak investment intentions were particularly worrying, although the survey showed that 63 per cent of companies are working below capacity. It also showed that more companies than a year ago now expect to raise their prices.



Warning note: Lord Young of Graffham, chairman of Cable & Wireless, told delegates the economy "was still in intensive care"

Small companies could escape audit requirement

By Andrew Jack

MORE THAN a quarter of a million small companies could be exempted from the statutory annual audit by as soon as next year, under proposals from the Department of Trade and Industry issued yesterday.

The move would represent one of the most sweeping changes to legislation covering the scope of audit requirements for nearly one hundred years.

In a consultative document launched by Mr Neil Hamilton, minister for corporate affairs, the DTI suggests removing the annual audit for the estimated limited liability British companies below the value added tax threshold of £37,600.

While proposals for abolition of the small company audit have already been examined and rejected by the government twice in the last decade, most of the more influential decision-makers have now changed their views and endorse relaxation.

The Inland Revenue, which has traditionally opposed the change, said yesterday that it had been fully consulted. "The Chancellor is fully signed up to reducing the burdens on small business," it said.

Mr Paul Chisnall, an associate director of the British Bankers' Association, said: "We can see the need to try to lift the requirement. This proposal is moving with the times. We welcome it."

But Mr Terry Robinson, of the Institute of Credit Management, warned that credit rating agencies would resist the changes, which would reduce the reliability of published financial information.

The DTI proposes two options: exemption from the audit requirement; or replacement of the audit with a "compilation report" from an accountant confirming the accounts fall within company law. Exemption would also require unanimous approval by shareholders and the company should have a balance sheet total of not more than £100,000.

Consultation closes at the end of June and the changes could be brought about by regulation, possibly as soon as Spring next year.

Mr Tony Miller, an accountant who is financial affairs chairman for the National Federation of Self Employed and Small Businesses, called for the threshold for exemption to be lifted further.

Major seeks support for bomb cover aid scheme

MR JOHN Major, the prime minister, yesterday urged cross-party support for the government's insurance aid scheme for terrorist losses following the weekend bomb blast in the City, writes Ralph Atkins and Richard Waters.

The scheme, which will be introduced formally in the summer, involves the government acting as a reinsurer of last resort, so when insurance industry funds are exhausted, the state will meet outstanding claims.

In the Commons, Mr Major said cover under the scheme announced last year by Mr Michael Heseltine, trade and industry secretary, had been provided since January 1 and reiterated that the government would honour its commitments under the scheme. He hoped the legislation would "attract support from all parts of the House [of Commons]."

Mr Major was speaking ahead of a meeting today with Sir Francis McWilliam, Lord Mayor of London, to discuss improvements to security measures to protect the City from terrorist threats in the future. The Lord Mayor is expected to raise the question of whether policing levels in the City should be raised. But he will also point out that, like other local authorities, the Corporation of London is limited by rate capping legislation and so may need additional financial resources.

Hoover admits flight surcharges

By Gary Mead and Michael Skapinker

HOOVER, the domestic appliance manufacturer, yesterday admitted it had levied surcharges on travellers taking advantage of its controversial free flights offer to US and European destinations.

Mr Richard Rankin, vice-president of Hoover's European marketing services, said the company introduced the surcharges in an effort to reduce the number of people who booked "free flights" but did not travel.

Mr Rankin, who is joint chairman of a task force managing the promotion, said the surcharges have now been dropped on advice from the Association of British Travel Agents.

The surcharges were for airport taxes at some US and European hubs. But they were suspended yesterday on US destinations. There will be no further charges on flights to Europe from Monday.

The original application forms for Hoover's "free flights" – two free tickets to the US or Europe conditional on spending a minimum of £100 on a Hoover product and filling in an application form – made no mention of surcharges.

Mr Rankin denied the surcharges were an attempt by Hoover to recoup some of its promotional costs.

Last moth Maytag, Hoover's US parent, said it would take a $30m charge against its first-quarter profits, the estimated cost of ensuring that customers who qualify for Hoover's "free flights" get them.

Package tour industry still struggling

By Michael Skapinker in Palma, Majorca

THE BRITISH package tour industry is still struggling to emerge from recession, with sales of summer holidays up slightly on the back of heavy discounting, according to figures published yesterday by Lunn Poly, the UK's largest travel retailer.

Mr Richard Bowden-Doyle, Lunn Poly marketing director, said about 7.5m people are expected to buy summer holidays through travel agents this year – an increase of five per cent on 1992. He said, however, that the average price of summer holidays sold through Lunn Poly's 610 shops this year was £414, compared with £418 last year and £415 in 1991.

Speaking at the convention of the Association of British Travel Agents in Majorca, Mr Bowden-Doyle said the increase in holidays sold was the result of a discounting campaign after Christmas.

He said 2m winter 1992-3 holidays had been sold by travel agents, the same as the previous year. Lunn Poly had, however, sold holidays at a discount throughout the winter.

Majorca has consolidated its position as the leading destination for UK holidaymakers, accounting for 12 per cent of summer 1993 bookings, compared with 11 per cent last year.

Florida has won 8 per cent of bookings, the same as last year, despite the recent murder of a tourist and other attacks. This put Florida in second place ahead of Cyprus which has fallen from 10 per cent in 1992 to 6 per cent this year as a result of increased prices. Turkey is in joint third place with 6 per cent, compared with 3 per cent last year.

● The opposition Labour Party has prepared the ground for a legal action against Baroness Denton, consumer affairs minister, to be brought by customers who suffer from the next collapse of an unbonded travel company, the conference heard.

Halifax wants to join new watchdog body for services

By Norma Cohen

THE HALIFAX, Britain's largest home loans and savings institution, says it wants to join a new self-regulatory body for retail financial services and become a distributor of a wider variety of products.

Mr Jim Birrell, chief executive, said that he would like to see a relaxation of the rules of polarisation.

They require sales outlets to sell either one supplier's products exclusively or to offer the best product of each supplier.

Critics of the system argue that what is needed is not polarisation, but better regulation, to limit abuses of sales practice. Mr Birrell said that the proposed new Personal Investment Authority is showing signs of becoming an effective regulator.

He made it clear that the Halifax is hoping for regulatory changes to let it offer a far wider range of products.

Britain watches Timex dispute for bitter signs of the times

Both sides in the infamous Timex dispute give evidence today to MPs. **Robert Taylor** explains the background

THE SACKING of the workers at the Timex plant in Scotland has aroused widespread anger in the ranks of organised labour, and raises a number of issues about British industrial relations.

Local union officials fear it could herald a new, more aggressive phase of the rolling back of union power after 14 years of demoralising retreat.

To the strikers – many of them women with more than 30 years service – and many others in highly unionised Dundee the dispute is a fight for justice.

The company sees the dispute differently. Mr Peter Hall, Timex's chief executive, says the decision was not taken lightly, but "we had no real alternative".

Mr Hall says the loss-making plant faced the threat of closure. The demands of the market place required a more assertive managerial style.

The clash of cultures is mirrored in British industry – on one side, the unions with hallowed agreements built meticulously over years of collective bargaining; on the other side, a more impatient, less hidebound management under pressures to be more profitable.

The US registered multinational – owned by the Norwegian entrepreneur Fred Olsen – set up in Dundee in 1946 making components for the watch industry. One of the city's biggest employers, it established good relations with the unions.

In 1990 Timex and the AEEU signed an innovatory agreement. In return for profit sharing and share ownership, a generous savings plan, cash lump sums plus a worker seat on the board, the union agreed to radical changes in working practices with quality circles, team work and flexibility.

Mr John Dryfe, US vice president who worked at the plant for many years, says the workers failed to deliver. The workers disagree.

The strikers claim Mr Hall's arrival as chief executive in June 1991 led to a deterioration in relations. He was from outside Timex – he had previously run his own business, two small engineering companies. "I don't believe he has worked in an industrial relations before," says Mr John Kydd, the former chief convenor.

Mr Hall says he worked well with the union leadership, until Mr Kydd was elected on December 7 with Mr Willie Leslie as his deputy. "That was the key event," says Mr Hall. Mr Kydd says Mr Hall subjected him and Mr Leslie to a three-minute barrage of abuse, declaring he would work to "derecognise" the union.

As a result of falling demand, Mr Hall decided in December to lay off half the workers for the first six months of this year. The union suggested that all workers be laid off in rotation, which Mr Hall thought impractical.

Early in January he laid off 120. On January 15, the union balloted the workers on strike action. The workers backed the strike call by 92 per cent to 8 per cent and walked out 14 days later.

Mr Hall warned the strikers they would be dismissed if they did not come back. By this stage the company was looking at other ways to cut costs including a wage freeze and reductions in the value of pension and other benefits. Mr Hall assured the strikers this was a "separate" matter – a return to work did not depend on the workers accepting new conditions.

The parent company, Timex Electronics, took a more direct role in the dispute and Mr Dryfe flew in from the US. After 13 hours of talks on February 10 and 11, he and Mr Hall believed they had a deal with local negotiators. Mr Hall agrees the lay-off and cuts were linked by then.

Cause célèbre: ugly scenes on the picket lines have brought national attention to the Timex plant

Under the four-point peace plan, Timex accepted rotation of lay-offs for half the workforce subject to independent conciliation. The company also wanted a wage freeze and a 10 per cent cut in benefits – in return, the workers were promised half whatever profits Timex made.

The union officials deny they accepted the peace plan. Mr Kydd's father, the union's divisional organiser, says he was "incensed" at the decision to widen the bargaining agenda. After taking legal advice the union officials recommended that the workers reject the plan but return to work "under protest".

Mr Hall insisted on acceptance of the plan and refused to let the workers into the plant. On February 17 the workers again turned the plan down by a show of hands. On the same day all the workers, including the 17 who worked through the strike, received dismissal notices.

As far as Mr Hall is concerned, that was the end of the strike and he began to recruit a substitute labour force.

Since then attitudes have hardened. Timex has become a cause célèbre in Scotland. Militants have flooded to the factory gates in support of the pickets.

The round-the-clock picket line, complete with burning brazier, has none of the menace often associated with picket lines. Sacked Timex women drink tea and puff cigarettes – many of the workers who have replaced them are tough-looking men, who wear balaclavas to hide their identity.

The union has played the dispute cannily, using expert legal advice, frustrating efforts by Timex to persuade local judges to prevent demonstrations and marches outside the plant.

From May 17, 90 days after the dismissals, the company will have the right to rehire ex-employees selectively without facing unfair dismissal charges from the rest. The company will need a further 260 workers this summer to meet an upturn in demand.

In the US, Mr Dryfe sounds more conciliatory, wanting a Japanese style agreement to boost productivity with an end to restrictive practices and demarcation lines. Union officials say: "We just want a negotiated settlement."

As one woman with more than 30 years service declared on the picket line earlier this week: "We can agree to a Japanese style agreement but what the company forgets is that those deals have carrots in them as well as sticks."

Britain in brief

Wellcome Trust gives $400m to US

Wellcome Trust, the largest UK medical charity, is to transfer $400m over the next five years to its smaller sister organisation in the US.

The gift to the Burroughs Wellcome Fund may disappoint some British researchers who had counted on receiving all the money the trust received after last July's sale of its majority stake in Wellcome, the drugs company.

Mr Roger Gibbs, chairman of the Wellcome Trust, said it was the governors' prime duty "to interpret the will and wishes of the founder Sir Henry Wellcome" who was born and educated in the US.

"We believe it would be Sir Henry's fervent wish that the trust should make a significant contribution to medical research in the US."

German buyer for big store

Legal & General, the insurance company, has sold the D H Evans department store in London's Oxford Street for £34.5m to a private German investment company.

The deal is part of an emerging trend in which German investors have bought large amounts of London property over the past six months. However, the deal is unusual in that it concerns a retail property, rather than an office.

US satellite link for trains

InterCity, the long haul passenger division of British Rail, is to spend £57m modernising its rolling stock and introducing innovations such as visual positional information linked to US military satellites.

The new carriages will be introduced to test passenger reaction on various routes from next month and brought in more widely by 1995 if they prove popular.

Among their features are visual information systems to update travellers on the journey's progress. The visual information system drew on a network of 21 US defence satellites in orbit 11,000 miles above the Earth.

Wimbledon prize up 14%

Britain's All-England Club, organisers of the Wimbledon championship, said its decision to increase prize money by 14 per cent had been forced by sterling devaluation and exchange rate fluctuations.

Organisers said that overall prize money for 1993 would be £5.04m, compared with last year's figure of £4.41m.

Mr John Curry, the All England Club chairman, said the rises were designed to take into account the fluctuations in international exchange rates over the past year.

The £305,000 pounds men's first prize is £40,000 more than Andre Agassi collected in 1992. The winner of the women's singles will receive £275,000 pounds, an increase of £35,000.

Ulster air route to US

American Trans Air, the US carrier, has won government approval to operate scheduled services between Northern Ireland and the US.

Mr John MacGregor, transport secretary, said the move showed the UK's "willingness to progress with liberalisation".

EC deadline on ancient wood

The government has been given two months to respond to European Commission objections to plans for an east London river crossing, which will cut through an 8,000-year-old wood.

If the government does not give a satisfactory response, it will face action in the European Court of Justice.

But environmentalists and Euro-MPs campaigning to save Oxleas Wood are worried that if the government insists on going to court, work on the road may begin before the case can be resolved.

EC action to halt the project is almost the last hope for campaigners, whose legal challenge to the work was defeated in the British High Court in February.

Stacking the odds against cancer

By Dr Michael McGannon

HEALTH CHECK

EAT some cereal before you go to work; take regular apple breaks instead of drinking coffee all day; set about making your office a smoke-free zone; and convince your company to offer cantaloup and hroccoli in the restaurant.

All these measures should lower your chances of developing certain kinds of cancer, and stack the odds in favour of a long retirement.

Fear may stop some people from finding out about cancer. But statistically, the chances of dying from it are much less than nf dying from heart disease.

Cancer is not a single disease; it is a whole spectrum of pathologic processes characterised hy a profnund disturbance in the growth and proliferatinn of a cell.

In contrast to a normal cell, whnse growth and reproductive cycle proceeds in a relatively orderly manner as dictated hy genetic coding, deregulated cancer cells dominate and replace normal cells and often spread to other parts of the body.

More than 200 forms of cancer have been identified and can be classified into three large groups; carcinnma (deregulation nf those cells that act as lining for nrgans and secrete mucus), sarcoma (cancers of connective tissue such as muscle and bone) and liquid cancer (such as leukemias).

Lung cancer is the most preventable carcinoma. Its incidence varies from country to country. Death rates are dropping in England, Wales, Finland and Sweden, have plateaued in Australia, Austria, the US, Belgium, Germany, the Netherlands, New Zealand and Switzerland, and are still rising in Spain, France, Hungary, Italy, Ireland and Poland.

The average age for developing lung cancer is 60. Once diagnosed, less than 30 per cent of patients are eligihle for curative surgery, explaining in part the dismal chances of survival, less than 10 per cent five years after diagnosis.

The vast majority of lung cancers (around 85 per cent) are due to exposure to tohacco smoke (either active or passive), though other substances (asbestos, pollution, heavy metals and chloromethylethers) have strong causative relationships with lung cancers.

If you are unable to stop smoking entirely, you might consider a less harmful way of getting nicotine into your system (a pipe, cigar or nicotine patch).

Colon (large intestine) carcinoma also has links to lifestyle. It is among the top five cancers in most developed countries, hut unheard of in some African and Asian countries.

One theory is that it is related to the longer transit time of faecal material through the intestines in developed countries. The refined carbohydrates in highly processed foods have less cellulose (nnn-absorbed plant fihre) than in fruits and vegetables. They travel slower through the intestines which may be conducive to inactive carcinogens turning into active ones.

Eating more fresh fruits and vegetahles, or hran cereals can help prevent colon cancer. With the help of a qualified outritionist, also try limiting saturated (animal) fats to less than 25 per cent of your diet. If colon cancer or polyps runs in your family, consult your doctor about when to have preventative screenings.

Prostate cancer, another kind of carcinoma, is the most common malignant tumour in men worldwide. The cause of this slow-growing tumour is unknown, although there appears to be a hormonal relationship. It appears to be on the increase even in areas where it was previnusly uncommon, such as east and southeast Asia.

Prostate cancer is frequent in North America and Europe. Incidence and mortality increase in Chinese and Japanese after migrating to the US.

Prostate cancer is rare hefore the age of 50 hut then its occurence grows steeply with age until about 80 when it begins to fall again except in Norwegian, French and Japanese populations.

When it comes to screening, a comhination of Digital Rectal Exam and a relatively inexpensive hlood test is probahly the best balance between cost, henefit and efficacy.

The author is medical director of the Insead Business Health course.

Ian Clayton: After 22 years at British Coal he's now working as the manager of an electricity generating plant in Suffolk

From coal mine to chicken litter

Michael Smith on job prospects for pit managers

As an employee of British Coal for 22 years, Ian Clayton never expected to work with any fuel other than that which had fired an industrial revolution and countless imaginations.

He was wrong; last week he started a new job as the manager of an electricity-generating plant where the raw material is chicken litter, a combination of wood shavings and excreta.

"It may not be everyone's idea of fun but I am enjoying it and I feel the future is secure here," he says.

Clayton, 45, is one of a growing number of British Coal pit managers who are opting out of the industry as they see the number of pits declining and their job prospects reduce with them.

Compared with face workers and other less skilled British Coal employees, pit managers are finding jobs, if not easily then with less of a struggle.

Finding jobs for senior staff is a relatively new problem for British Coal. Although it has been shrinking for many years, it has been able to shed staff voluntarily through relatively generous redundancy packages. But earlier retrenchments mean that most candidates for early retirement, which becomes available when employees reach 50, have already gone.

The destinations of those departing are surprisingly varied. They include teaching, general management and consultancy work.

Many have increased their salaries, not surprising given that the average salary for a pit manager, in charge of perhaps 800 staff, is less than £50,000. British Coal departees often feel a sense of release from an employer which offers only limited career opportunities because of its contraction.

Take 36-year-old Kevin Whiteman, who left his job as manager of Frickley pit in February to become southern region manager for the National Rivers Authority. The problem at British Coal, he says, was not so much lack of security even though the pit he managed is only reprieved from closure if British Coal can find a market for its coal.

"I was concerned about the shortage of opportunities," says Whiteman. "I had been a pit manager for the best part of eight years and I could see few places to go within British Coal. The management challenges here are very similar – general management is general management."

The NRA job was the first Whiteman had applied for and, says Peter Humphreys, personnel director, he beat 300 other applicants for the appointment. "We wanted someone whose qualities and experience included financial control, an engineering and management background, and a well-defined knowledge of operating with high public visibility. Kevin was the outstanding candidate."

Clayton, former manager at British Coal's Silverhill pit, contested with a smaller field of candidates to win his job as manager of the Fibropower chicken litter power station in Eye, Suffolk. The 65 contenders, though, included senior employees of National Power power stations.

Nor was Clayton the only coal industry candidate to impress. Three British Coal employees made it to the final interview stage.

That does not surprise Philip Andrew, chief executive at British Coal Enterprise. It is his job to find work for British Coal employees who want to move on, so he is hardly likely to run down their abilities, but he is frank about some of their potential deficiencies.

"If you asked a pit manager to go to the City for debt funding to deal with working capital he would not know what you were talking about," he says.

"But they are very much aware of profit and their general management skills are strong. We are talking about people who handle 700 to 800 personnel and a business turning over £40m a year. Many managing directors of publicly quoted companies have less on their plate than that."

The practice of equal pensions

By Norma Cohen

Equal pay for equal work, while easy to grasp in theory is elusive in practice.

Applying the concept of equality to deferred pay – pensions – has proved so difficult that three years after a landmark ruling from the European Court of Justice employers are still unclear about how to make it work.

That decision, handed down on May 17 1990 in the Barber case, concluded that employers may not offer one sex more generous pensions than are available to the other. It immediately forced examination of pension schemes which typically allowed women to retire on full pension at age 60, while forcing men to wait until 65.

Today, an opinion from the Advocate General of the ECJ on a different case – which will be subject to a final ruling later this year – should provide further guidance for employers.

In Britain, where 80 to 90 per cent of all occupational pension payments are made to men, employers have already responded to Barber by reducing even further the portion of the pension pot paid to women. Figures from the National Association of Pension Funds show that 85 per cent of all employers have equalised male and female retirement ages within their schemes and of these, 59 per cent have done so by raising women's ages to 65.

"The majority of employers have equalised at 65 because that is the cheapest option," said Kevin Spring, partner at consulting actuaries Wyatt Company.

However, the NAPF has found that most employers have been sensitive to the views of their female employees: 82 per cent of those raising the age allow current employees to retire earlier than that with no actuarial reduction in pension payments. Because workers typically lose 6 per cent of their pension for each year of early retirement, many employers have thus shielded their female employees from a swingeing 25 per cent reduction in their pension payments.

But employers have not solved all their problems – either legal or managerial – by simply raising retirement ages. Thus attention is focused on another group of cases on which the Advocate General is expected to pronounce today. The central one comes from the UK where the pension scheme members and trustees of Coloroll, a UK home furnishings company now in liquidation, have asked the ECJ to resolve some outstanding questions.

First, will employers be required to provide "retrospection" in equalising benefits or will they just be liable for equal benefits from May 1990, the date of the Barber judgment? Also, in so-called money purchase schemes, where the pension consists of a single lump sum to be invested in the purchase of an annuity, must men and women be provided with equal sums?

Moreover, in the equalisation process, can an employer legally worsen the pension terms for employees?

"The question is whether the nature of the pension promise is sufficiently contractual to require employers to stick to it," said Mark Duke, principal at actuarial consultants Towers Perrin. Employers who have tried to shield women from the sudden effects of a change in pension age may find that the Advocate General will require them to do the same for men retiring after May 17 1990. Given the considerable expense employers could abandon their efforts to cushion the blow for women.

Despite the material reduction in pension benefits for women post Barber, benefits consultants say there has been remarkably little flapping.

One reason is that relatively few women are entitled to full occupational pensions anyway because their child care decisions typically give rise to interrupted work patterns. Indeed, most of the outcry has come from male-dominated trade unions who want a crack at the more generous pensions offered to women.

Another reason, Spring says, is that fixed retirement ages are a fiction at many companies. Employers increasingly offer flexible retirement ages, allowing those who wish to go early the ability to do so with little or no reduction in pension and higher pensions for those staying on longer.

Employers like flexibility because, among other things, they find an employee hanging on only for a pension to be a relatively unproductive worker. Employers with unhappy workers between the ages of 61 and 65 could well be advised to consider a scheme offering both men and women a graceful way out.

FINANCIAL TIMES SURVEY

HERTFORDSHIRE

Wednesday April 28 1993

Late last year, the county had the fastest-rising unemployment rate in the UK. Its response, says **Rhys David**, has been swift and well co-ordinated: a new body dedicated to promoting inward investment. Already there are signs of renewed economic activity.

Well placed for recovery

WHEN BRITAIN held the presidency of tbe European Community during the second half of last year, three of the key ministerial meetings were held not in London but 25 miles north in the unfamiliar surroundings of Brocket Hall, near Welwyn.

The choice of Hertfordshire, and of this historic bouse, wbere two Victorian prime ministers, Lords Melbourne and Palmerston, lived and died, was appropriate for more than just the splendour of its conference facilities and parklands, and its high security.

Hertfordshire, with its quaint villages favoured by film-makers, its relatively small-scale and successful urban centres, none in excess of 100,000 populatinn, its higb-technology employers, and its position close to three of London's four main airports, and astride the motorway network, is a part of Britain which can stand comparison with the more prosperous parts of Europe.

Its inhabitants enjoy the second highest per capita income in the UK, and its better-off residents have the opportunity to live in the most expensive property outside London. Those living there include not just City types, such as the current Lord Mayor of London, Sir Francis McWilliams, able to take advantage of good rail links which whisk them into London in 20-30 minutes, hut arts and media personalities, including the now reclusive Clockwork Orange director, Staoley Kuhrick, who lives in a heavily guarded mansion near Harpenden.

Yet, for all its apparent prosperity, not long before Mr Douglas Hurd, the foreign secretary, and Mr Michael Heseltine, the trade secretary, had begun their talks in the county witb their fellow EC ministers, local leaders had themselves been visiting Brussels to ask the industry commissioner, Mr Martin Bangemann, and other officials for aid.

Hertfordshire has had to follow the route taken by other councils from more economically depressed regions of Britain, because of the impact on several of its key towns of the decision by British Aerospace to close down its Hatfield site, bome in the past to aircraft as famous as: the Mosquito, the World War II fighter-bomber; tbe Comet, the first commercial jetliner; Trident; the BAe125; and, in more recent years, the BAe146 regional jetliner.

A total of 2,300 employees will lose their jobs by the end of this year, following others who have been made redundant in earlier cutbacks at the plant, which, during the mid-1980s, employed 7,500. Britisb Aerospace has also been scaling down other operations within the county in its missile and satellite plants, mainly in Stevenage. Tbe same pressure within the aviation market has forced Rolls-Royce to close its helicopter engine plant at Leavesden, near Watford, in June this year, again with the loss of 2,000 jobs.

Even before these job losses were announced, unemployment in Hertfordshire, which had been as low as 2.1 per cent in November 1989, had risen by late last year to near the national average of more than 10 per cent, giving the county the dubious distinction of the fastest-rising unemployment rate in the UK. For a county which has always weathered UK downturns, it represents, in the words of Professor Neil Buxton, Vice Chancellor of the University of Hertfordshire (formerly Hatfield Polytechnic) quite a somersault.

Nor has it just been the skilled and unskilled engineering workers who have borne the brunt of these job losses, taking the county unemployment total well above 40,000. The shake-out in the City of London, wbere banks, insurance companies and other financial institutions have shed thousands of jobs, has hit the county badly. In St. Albans, one in four of the unemployed is from a professional job.

The response, however, to the county's problems bas been awift and well co-ordinated. With British Aerospace's difficulties already clear some time ago, the county council and the local Training and Enterprise council (Tec) commissioned a study, from accountants Coopers & Lybrand, of the economy's strengths and weaknesses. From this has emerged a new strategy and a body dedicated to promoting inward investment: the Hertfordshire Development Organisation (HDO).

The county's trip to Brussels brought in funds worth £0.7m from the EC's Perifra programme for helping regions destabilised by large-scale closures – money which will be supplemented by equal funding from the local authorities and the Government-funded Tec. Where previously it had been difficult for developers to get the go-ahead for scbemes, because of fears of over-heating the economy, key sites are now being hrougbt forward and marketed. These include some very large parcels of land released from aerospace use.

As part of another initiative, a range of organisations, including the chamber of commerce, the county, the university and tbe Tec, is behind plans for a One Stop Sbop, operating from one central and a number of ancillary sites, which will offer support to new and existing businesses. This has now won funding from the Department of Trade and Industry, and is expected to begin operation before the end of the year.

The impact these efforts can make is, inevitably, a matter of some debate. Dr Al Rainnie, co-director of the local economic research unit at the university, points to the county's history of relatively slow jobs growth in the 1980s, when it lagged behind other south-east counties – the result, be believes, not just of restrictive planning policies, hut of a culture of over-dependence on the then dominant aerospace and defence sectors.

He fears that individuals emerging from those industries will not have the entrepreneurial skills that the growing companies of tbe future will require, and that many of the new jobs that do come into Hertfordshire may pay less well than those being lost, with some erosion of pay levels also resulting from increased contracting out of operations previously handled in-house hy big employers.

He is also sceptical about whether the county can hope to be more than moderately successful in attracting inward investment, in competition not just with other regions of the UK, able to offer grants and other inducements, but with the low-wage economies of eastern Europe. "Our expectation is that job growth will be disappointing and that many of the new jobs will not be as good in quality as those they replace," he argues.

The gloom of tbis view is challenged, bowever, by both the county and the HDO, which see plentiful signs of the county's continuing attractiveness, as well as some evidence that economic activity has already picked up and the rate of job loss announcements slowed down.

Many companies, according to Brian Briscoe, chief executive of the county council, want to be near London hut not necessarily within it, and will continue to be attracted to Hertfordshire for its environment, its proximity to airports, its road and rail communications, and the wide range of information technology, engineering, managerial and professional skills it can offer.

Mitsubishi Electric is one example quoted of the sort of company which has successfully established itself in the county. Its UK sales, service and warehousing are all located in Hatfield, where it will now be the largest industrial employer following the closure of British Aerospace. Nearby, in Welwyn Gardeo City, Rank Xerox is establishing its European beadquarters. Another recent arrival, Nissan, last year chose Watford for its UK distributioo headquarters.

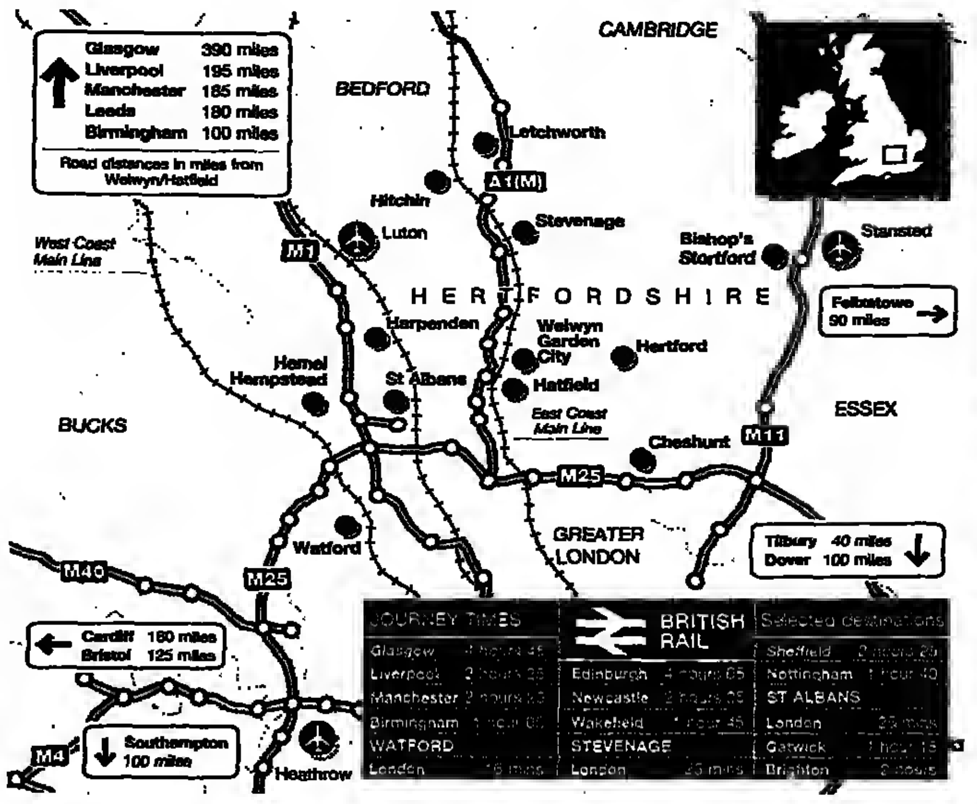
Back-office operatioos cootinue to be attracted, too, with the latest, Provident Mutual, shortly to open a £40m oew head office in Stevenage, where it will employ 900 people. The prospects for attracting large-scale manufacturing investmeot are less strong, but, according to Hugh West, chief executive of the HDO, there will be nicbe products for which Hertfordshire will be the most suitable location, because of skills developed by existing industries – for example, in new materials.

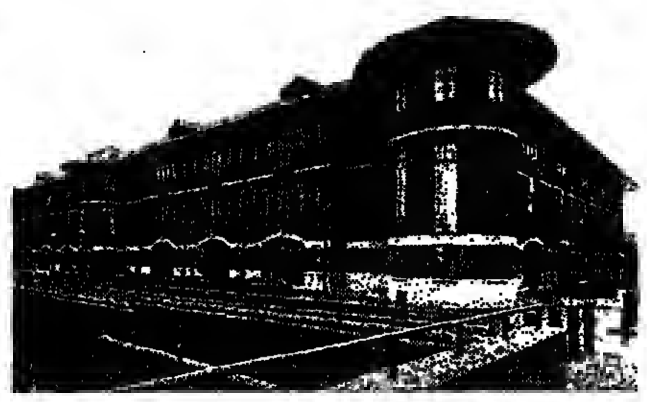
Great bopes are being placed, too, on tbe pbarmaceutical industry and related healthcare field, already one of the county's higgest industries, and a sector set to grow even faster in the next century as medical advances accelerate and the population ages. At Stevenage, the higgest building project in the UK, apart from the Channel Tunnel, is under way for Glaxo. This will house an important research and development facility employing up to 1,500 people, including 900 scientists.

Even without this, Hertfordshire is ooe of the main centres for pharmaceutical research in Europe, with SmithKline Beecham, Merck Sharp & Dohme, Roussel-Uclaf, Roche and Astra Laboratories among the leading names drawn, along with Glaxo, to operate in the county because of its proximity to medical research in universities in Oxford, Cambridge and London and to tbe London teaching hospitals.

As part of the same development, the University of Hertfordshire has huilt up substantial expertise in medical areas. As well as attracting £1m of industry funding for a medical professorship, it has won contracts to carry out paramedical training and nursing training.

Continued on Page 3





■ Geographic location is on Hertfordshire's side as it seeks the inward investment that is needed to replace lost jobs. Three of London's airports are on its borders, and it offers fast road and rail links with other regions and with the ports.

Meanwhile, Hugh West (right), managing director of the HDO, cites Provident Mutual's site in Stevenage (above) as an example of what has happened in the past and will happen again

HERTFORDSHIRE 2

THE SQUAT white buildings of the aircraft factory on Comet Way – the old A1 – used to be the pride of Hatfield. They now have a sheepish look, eclipsed by the stark modernity of the Galleria shopping complex across the road.

Recession caught up witb both last year. The Galleria went into receivership a year after opening, and British Aerospace announced it would stop making aircraft there after almost 60 years, with the loss of 2,000 jobs.

Manufacturing will cease at BAe's Hatfield site by the end of this year. At the Rolls-Royce engine plant at Leavesden, near Watford, it is due to end in June. The two plants were among Hertfordshire's biggest employers, figureheads of an aerospace and defence sector that has been at the core of industrial development in the county since before the second world war.

The decline can be traced back to the mid-1980s. A report two years ago by Mr David Kraithman, now principal economics lecturer at the University of Hertfordshire, cited figures showing aerospace industry employment of just under 15,000 in the county. That figure was already down by a quarter from a peak of over 20,000 in 1985-86. Job cuts announced by large companies since then amount to a further cut of about a third.

A broader estimate from Hertfordshire County Council put tha number of jobs in defence and aerospace five years ago at 30,000 or more. Cutbacks at groups sucb as BAe, GEC and Rolls-Royce have wiped out almost half that number of posts in tha intervening period.

Hertfordshire still has a broad range of defence-related industries, including less well-known but successful companies sucb as Irvin Great Britain, a parachute maker belonging to the Hunting Group at Letchworth.

This concentration is something of a historical accident. Hertfordshire has less to do with the military than most other counties. It has no major defence installations other

Aerospace and defence: David White traces the alarming loss of jobs

High flyers come down to earth

than US communications relay stations at Bovingdon and Barkway, near Royston. An airfield at Nutbampstead, in the north-east of the county, was used by American Flying Fortresses in the war, but there are no bases today.

The industry grew around de Havilland, which moved its aircraft and propeller manufacturing from Edgware to Hatfield in 1934. An engine factory, set up on the far side of the airfield, developed into a guided weapons centre in the 1950s.

In 1959 the de Havilland name disappeared when it was bought up by Hawker Siddeley, and in 1978 was nationalised as part of BAe.

The plant was the original manufacturing site for the BAe 146 regional jet, but its involvement was reduced well before the closure decision. With the setting-up of Avro International, a joint regional jet venture between BAe and Taiwan Aerospace Corporation, Hatfield'a remaining production work is being transferred to Woodford in Cheshire. No more than 200-300 jobe are expected to remain, in design of corporate jets and in London Business Aviation, which operates the airfield.

The guided weapons side, BAe Dynamics, which employed 2,200 at Hatfield, closed down in 1989. That site, now in the hands of BAe's property subsidiary Arlington Securities, is being developed as a business park.

Its activities – weapons – were moved to Stevenage, but jobs tbere have also heen sharply cut back. The guided weapons factory at Stevenage, originally an English Electric plant set up in 1955, employed about 6,000 after the closure of Hatfield. But with the loss of assembly and manufacturing activities the number has since shrunk to 3,100.

Across tha road from it, BAe's space facility – another legacy from de Havilland and the UK's only builder of commercial satellites – last year axed just over half its workforce of 1,200.

Rolls-Royce's helicopter engine factory at Leavesden is due to shut down completely in June. Also going back to de Havilland days, it has been on the closure list since 1991, wheu it still employed 1,750 people. Its work, which has suffered a sharp fall in recent years, is being transferred to Bristol.

GEC-Marconi announced two years ago it was closing its research and development facility for underwater systems at Croxley Green, affecting 300 jobs. But other branches of GEC-Marconi employ about 900 at Borehamwood in a variety of activities, mostly in defence.

Marconi Instruments, a separate subsidiary of the GEC group involved in electronic test aud measurement equipment, has its headquarters at St Albans and a site at Stevenage, together employing about 800. Mr Peter Smith, managing director, says a move away from manufacturing over the past four years, with the loss of about 30 per cent of the workforce, has led to increased emphasis on its Stevenage R&D operations. Activity is mostly geared to civilian markets, altbough the company's products also have military applications.

Lucas Aerospace's power systems division at Hemel Hempstead has also cut back over the past coupla of years to its present workforce of 690. The factory, which moved from Willesden in the later 1960s, makes electrical generating systems and small gas turbines for aircraft such as the Tornado and Harrier.

A survivor from successive takeovers and reorganisations is Hawker Siddeley Dynamics Engineering, based at Welwyn Garden City. Making control systems for gas turbine engines and gyroscopes and other systems for ships, it escaped the nationalisation of Hawker Siddeley's aircraft and missile businesaes. Last Dacember, a year after the takeover of Hawker Siddeley by BTR, it declared its independence through a management buy-out. It is now looking to non-military outlets to increase its £20m annual turnover.

The company is halving its total workforce of 520. But Mr Ian Johnston, managing director, says its Hertfordshire operations will suffer the least from these cuts, with about 150 jobs likely be kept at Welwyn and 60 at Watford.

"We have retrenched into Hertfordshire to a large extent," he says.

The company's plans confirm a trend away from manufacturing and towards researcb, development and software. This is clearly the case at BAa's remaining activities and at GEC. One result of this change is that fewer employees in aerospace and defence-related industries live near the plants. Stevenage-based BAe Dynamics says its catchment area is now spread throughout Hertfordshire and further afield.

The sector was always closely identified with the development of Hertfordshire's new towns after the war – Stevenage, Hemel Hempstead, Hatfield and Welwyn. But this relationship is now being doubly diluted: there are far fewer employed in the sector, and a smaller proportion have their homes in the new towns.

Pharmaceuticals: the sector has deep roots in the county, says Paul Abrahams

Increased emphasis on R&D

EUROPE'S leading centre for pharmaceuticals research and development is not Basle, home of tha Swiss giants, Ciba, Roche and Sandoz. It is Hertfordshire.

Four of the world's biggest drugs groups, Glaxo and SmithKline Beecham of the UK, Roche of Switzerland and Merck Sharp & Dohme of the US, employ between them about 5,500 workers in the region.

Hertfordshire's importance as a centre for drugs manufacturing has declined in recent years as land prices have increased, but its importance as a centre for research and development has increased.

By 1995, there will be about 3,500 R&D pharmaceuticals scientists in the county, according to a recent report* by the South East Economic Development Strategy. In 1990, the Association of the British Pharmaceutical Industry estimated there were 16,300 R&D drugs employees in the UK.

Increasing government pressures on the industry's prices and profits are likely to lead to rationalisation first and foremost in manufacturing and then marketing. But only the weakest companies – among which Glaxo, Merck, SmithKline Beecham and Roche do not figure – will be forced to cut R&D.

Glaxo has been the European leader in rationalising manufacturing facilities, but decided to concentrate some of its secondary manufacturing at Ware, suggesting this site is safe as a production location.

Glaxo, Europe's largest pharmaceuticals group and the largest drugs employer in the region, has made the most important R&D investment in Hertfordshire in recent years. The group, the world's biggest R&D spender, is building a £500m research campus, designed to house 1,500 staff. By 1995, the company expects to employ 1,000 people in manufacturing at Ware, and a further 1,200 for drug development at the same site, on top of the 1,500 at Stevenage.

The 75-acre Stevenage site, comprising 10 main buildings, will be the Glaxo's largest research centre in the world. The campus will be used to seek treatments for cancer, heart attacks, arthritis, Aids, and diseases associated with ageing.

Meanwhile, SmithKline Beecham, the Anglo-American group, remains the second largest pharmaceuticals employer in the region with about 1,700 employees. Its UK pharmaceuticals headquarters is at Mundells, in Welwyn Garden City, a legacy of SmithKline & French's move to the area in 1959.

The company no longer manufactures in the area, having closed its facilities last year following the merger of the US group SmithKline Beckman with Beecham of the UK in 1989. SmithKline Beecham says it wanted to concentrate its manufacturing operations at two sites, Crawley and Worthing. However, it still distributes products from warehouses in the Hertfordshire region.

SmithKline Beecham's remaining facilities include the R&D centre at the Frytbe site, in tha village of Old, where about 600 people are employed.

Merck Sharpe & Dohme, the world's largest pharmaceuticals group, has its UK headquarters at Hoddesdon, where about 950 people are employed.

Du Pont Merck, Merck's joint venture with Du Pont of the US, has its European headquarters in Watford. A number of smaller groups also have branches in the regiou. They include Astra Pharmaceutical, a subsidiary of the Swedish group, which has its UK sales and marketing base at Kings Langley, and Serouo Laboratories, part of the Geneva-based Ares-Serono, wbich has its marketing wing at Welwyn. Schering-Plough, the US group, plans to move its UK headquarters from Mildenhall, in Suffolk, to Welwyn Garden City later this year.

Not all of the traffic has been one way, however. In 1981, Smith & Nephew decided to move some of its operations to Romford in Essex, where it was already manufacturing. It is also moving operations from Gilston, Hertfordshire, to York.

The reason for the concentration of pbarmaceuticals activity in Hertfordshire is a combination of bistorical accident and the county's natural advantages. Many are located there because they acquired husinesses in tbe region. SmithKline Beecham's presence can be attributed to its takeover of A.J. White in 1956, for example.

Roche has had operations in Welwyn Garden City since 1937. One of its four international research centres is based there. Dr Jurgen Drews, head of Roche's international R&D, says the Welwyn site is in charge of Roche's research into berpes and HIV, the virus that causes Aids, as well as some inflammatory work.

The site also coutaius the UK head office, general administratiou, and sales and marketing. Some 300 people are involved in manufacturing. Rocbe Nicholas, the over-the-counter uon-prescription drugs business, is also based there, as well as the recently acquired businesses from Fisons.

The company was attracted by the availability of land, easy communications with London, and plentiful and skilled labour, according to Mr John Bennie, head of personnel and administration for pharmaceuticals at Roche Products, the Swiss group's UK subsidiary.

"Those reasons still hold true today, apart from tha availability of land," says Mr Bennie. Communications are still good, witb travelling times of 45 minutes to Heathrow airport if the M25 motorway is clear. Stansted, altbough geograpbically closer, takes about the same time to reach.

Labour shortages, acute five years ago, have become much less of a problem because of the recessiou. Attracting skilled scientists has become less tricky since house prices have fallen.

Nevertheless, the recent South East Economic Development Strategy study suggested that there were still difficulties in recruiting people with appropriate skills, training and experience, although it added companies were insisting there was no crisis.

Glaxo said the shortages were caused by a declining number of young people, as well as fewer being interested in science. Many local schools had also tended to teach engineering-orientated subjects for the aerospace sector, the dominant local industry.

One final attraction for many former north London employees, says Mr Bennie, is the proximity of Tottenham Hotspur and Arsenal football clubs, although be admits this was not a reason why Roche concentrated its activities in the area.

The South East Economic Development Strategy report also cites the proximity of the county to the UK department of health and leading teaching hospitals in the south east, as well as easy access to the universities of Oxford and Cambridge.

Given the strength of the pharmaceuticals industry and its roots in Hertfordshire, the sector should prove an important counter-weight to the decline of the aerospace sector in the future.

**Health and Wealth? The development of the pharmaceutical industry in the south east, focusing on the Hertfordshire sub-region, by Michael Breheny et alia. South East Economic Strategy. Tel 0279 44 6448/9.*

Networks: Rhys David explains the new awakening

Ideas pooled to win jobs

THE LACK of a strong identity or image has always heen one of Hertfordshire's weaknesses. Its geography has pulled it in several directions – towards the East Midlands or East Anglia in the north, or towards London and the other home counties in the south.

Though among the largest Englisb counties in population, witb nearly 1m inhabitants, it lacks a single main town; and, because of their differing histories and industrial backgrounds, its half a dozen sizeable centres vary widely in character.

Stevenage in the north has long been an important industrial centre in its own right, with little to link it to Watford, which falls almost within the orbit of Heathrow in the west. Hoddesdon in the east has benefited as a distribution centre from its position on the route from the east coast ports; Potters Bar is a refugee from pre-1965 Middlesex and still looks for jobs and services to north London.

Yal the coherence that has previously been difficult to achieve has recently ebown signs of emerging. Where business and local government once went their separate ways, a series of networks has come into place across the county, leading the private and public sectors to pool resources and ideas for overcoming the problems caused by the loss of jobs in the defence and aerospace sectors.

The twin centres of the new structure are the Tec, operating from a converted mill just outside St. Albans, and the county council which has thrown off a previous diffidence and involved itself in the fortunes of businesses big and small.

The new University of Hertfordshire, having emerged from the chrysalis of Hatfield Polytechnic, has also involved itself in local economic initiatives, in order to establisb its county-wide credentials; another main element, playing an important co-ordinating role, is the Hertfordshire Chamber of Commerce, whicb has most of the county's important industrial and service companies in membership.

Since the mid-1980s there has also been a substantial growth in financial services, with firms such as KPMG Peat Marwick, Price Waterhouse and Hambros moving in, mainly to St. Albans, to provide sophisticated services previously available only in London. As they build up coutacts across the county, these firms have themselves becoma nodal points on the Hertfordshire network.

The first tangible result of this new spirit of co-operation has been tha Hertfordshire Development Organlaation (HDO), a partnership between local companies, the county and district local authorities, and the Tec. The last will itself seek to act as a bridge, linking companies whicb might want to come to the county with the relevant planning bodies and with developars. Particular emphasis is being placed on winning firms in areas where the county is already strong, such as computers, office equipment, telecommunications, pharmaceuticals, and financial and business services.

Herts desire: Aldbury village

Establishment of the HDO, wblcb operates from another couverted building – a barn between Hitchin and Stevenage – was one of the recommendations to emerge from a study of the county undertaken hy accountants Coopers & Lybrand, and a subsequent conference that brought together parties interested in economic regeneration.

In much the same way, the Hertfordshire Business Centre, for which government One Stop Shop for Business status has just been won, is the outcome of a consultation exercise involving all 26,000 businesses in the county. To be set up shortly on a site in the centre of the county with the support of EC funds, it will serve the needs of all businesses but especially those employing between 10 and 200 people, and start-ups.

It is planned that other economic agencies in the county will move to the site, which will also have out-stations in other centres linked over the county's Comnet voice and data transmission system.

Independently, the county council has been trying to ensure, under chief executive Brian Briscoe, that it responds more effectively to the needs of businesses – and also makes known to them the opportunities they have to supply the £250m of goods and services the local authority consumes each year.

A Business Forum, set up jointly with the Tec, enables larger businesses, local chambers, enterprisa agencies and others to make their views known, at regular meetings, and to influence the way support is provided.

Another initiative, the business charter, is designed to strip away the bureaucracy which many businesses find in thair dealings with local authorities, which can very often obscure the services and information on offer. The most common concerns of husinesses have been grouped under a series of headings – regulation, education, purchasing, roads and transport – and hotlines set up to deal with inquiries in these fields. As a result, businesses will be able to find out quickly how county policies and Government and EC regulation are likely to affect them, and how they can have input into decisions.

Just how effective the development of this new, closer relationship between all parties involved in Hertfordshire's economic life proves, remains to be seen, though the efforts of both the county and the Tec have drawn praise from business leaders. Tha change, according to Gerry Hopkinson, until recently senior partner at KPMG Peat Marwick in St Albans, has been marked: "The county has changed from lack of interest in business to being very keen to talk. Together with the Tec, it has persuaded businesses in the county to network very effectively," he says.

Otber structural problems remain. They include a disturbing lack of interest among local companies in exporting, according to Chris Humphries, managing director of tbe Tec; and continuing difficulty in obtaining long-term bank finance for small and medium-sized companies, particularly tbe owner-managed, whicb is forcing companies to operate on e short term basis. "The banks are not lending for risk. If small companies are to lead us out of the recession, lending bas to begin again," argues Howard Wilkinson, senior partner at accountants, Mercer & Hole.

Paradoxically, by tbe time the results ara showing through, the county as an administrative authority might not exist, for its damise is scheduled under current government plans for 1998.

It may just be, however, that by then its unifying influence is not missed, u different Hertfordshire identity having been forged out of the recessionary prohlems of the past few years.

Property: office rents have dived by as much as 40 per cent, reports **Anne Steadman**

Sites identified for overseas arrivals

THE LATE 1980s property boom, which outside London centred on the M4 corridor, rippled north-east into Hertfordshire. Jeremy Needs, a director of Hitchin-based developer Hunting Gate, aptly sums up what happened in the property market: "Hertfordshire caught the Heathrow disease."

The result is that the Hertfordshire Development Organisation (HDO), the body set up under the county's Partnership for Prosperity programme last September, estimates that there is now some 15m square metres of vacant office and other commercial space within the area. Office rents throughout the county have plunged by as much as 40 par cent, according to surveyors, Weatherall Green & Smith.

Landlords are not only having to slash rents (if, indeed, official quoting rents still apply in this market), but also to offer incentive packages. These includa rent-free periods, contributions towards fitting out and even, in some cases, taking on a tenant's existing lease commitments.

By general consensus, the best rent in Hertfordshire was achieved in the 1988-9 relocation to Watford of Rhône-Poulanc, which took 53,000 square feet in Kumagal Gumi/Ranelagh's Central Park at marginally over £30 a sq ft. In contrast, today Legal & General Property and Hunting Gate are seeking £22 a sq ft for their high specification 78,000 sq ft Edward Hyde office development in Clarendon Road, Watford. It has been completed and empty for 18 months.

The HDO, however, is drawing up a marketing plan that will spread the net much wider, targeting inward investment from overseas companies.

It is likely that incoming companies will require business park-type accommodation; and, to ensure that there will be a good choice of locations, the HDO has identified five strategic sites in the county, all currently at different stages of development.

Most advanced is Markheath's Kings Park, a 22-acre site adjoining tha railway station at Stevenage. With space for 600,000 sq ft of business space, the site is already landscaped, with infrastructure in place – and the developer is willing to begin immediate construction for an occupier. The other sites are at Cherry Tree Lane, Hemel Hempstead; the Rolls Royce site at Leavesden, near Watford; Essex Road, Hoddesden; and the British Aerospace site at Hatfield.

The 57-acre Cherry Tree Lane site, at Junction 8 on the M1, is owned partly by the Commission for the New Towns and partly by the Crown Estate. Mainly greenfield, it has been earmarked by the planners for business and industrial development. However, its availability will depend on the provision of a new access road.

Construction of a bridge over a railway is needed, to facilitate development at Essex Road, Hoddesden. This 30-acre site, designated for general industrial and warehousing, is owned by Powergen, Redland and the Department of Transport. Rolls-Royce is to vacate the 60-acre Leavesden site at the end of June, and development will be for mixed use: offices and R&D.

These first four sites are, however, dwarfed by the British Aerospace site at Hatfield, where there is potential for some 200 acres of development. British Aerospace property subsidiary Arlington is busy at the 92-acre former BAe Dynamics site, which has planning consent for 960,000 sq ft of mixed uses – offices, light industrial, general industrial and warehousing.

Already a 78,000 sq ft depot for Royal Mail's Streamline Parcels has been completed on a design-and-build basis. In addition, BAe's purpose-built conference centre – which was never used – has been sold to the University of Hertfordshire. Work is under way on the simultaneous demolition of buildings and provision of new infrastructure, both scheduled for completion in November.

A further 100 acres will become available with the closure of BAe's Comet Way jets area. Giles Thomas, of agents Strutt & Parker, says Arlington is looking at the planning implications, and also at short-term alternative uses. He says there are signs of further interest from potential occupiers, with three serious proposals before prospective tenants.

Although the Hatfield Business Park seems set to become Hertfordshire's largest, Hunting Gate and Allied Dunbar's 55-acre Shire park at Welwyn Garden City must rank as one of the most successful so far. A total of 400,000 sq ft is now built and occupied by companies, including ICI, Digital, Nexus and Aircall. In addition, Warren Spring laboratory, the government's principal environmental technology laboratory, has taken a 10-acre site. Its new facility is due for completion in spring 1995. A further 125,000 sq ft in four buildings is available in a second phase at Shire Park; and joint agents, Gooch & Wagstaff and Jones Lang Wootton, are indicating rents of around £23 a sq ft.

Little industrial property development is currently being undertaken in Hertfordshire, although the level of industrial oversupply is far lower than that of offices. One of the largest current industrial/warehouse developments is Burton Property Trust and IBM Pension Fund's City Park, at Welwyn Garden City, where only three units remain.

More recent occupiers at the 230,000 sq ft project include Haking International (UK), the world's largest manufacturer of cameras and binoculars, which bought a 22,000 sq ft unit for £2.1m, and Parcel Force which took a lease on a 27,000 sq ft unit.

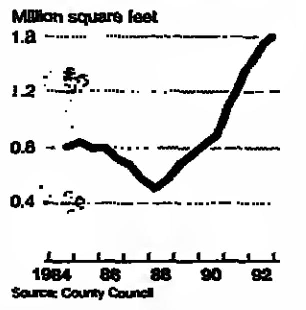
The Hatfield Galleria, put up by Carroll Group subsidiary Al Galleria Investment Corporation, was one of the most spectacular retail casualties in the recession. Now in receivership, the future of the 400,000 sq ft shopping centre is unclear, though it continues to trade.

Besides the dramatic construction cost over-run, another of Galleria's problems was a restrictive user clause, effectively prevanting the centre from competing with the fashion draw of Slough Estates' much more successful 216,000 sq ft Howard Centre, at Welwyn Garden City. The two centres fall within the same borough, and Slough successfully sued the local authority for failing to enforce the user clause at the Galleria.

The only other major shopping centre to open in Hertfordshire during the past two years – again in the south of the county – was Capital & Counties/Sun Alliance/Watford Borough Council's Harlequin Centre, Watford. At 700,000 sq ft, it is one of the biggest in the UK. The last of the three phases of the £100m project was completed last summer, and this 200,000 sq ft section has attracted a flurry of lettings to fashion retailers, including River Island, Hennes, Stirling Cooper and Miss Selfridge.

The almost-completed M1 link road, which gives the centre direct access to the motorway network, will upgrade its status, the developers hope, to that of a regional shopping centre.

Floor space available



Source: County Council

Employment in Stevenage is moving to the services sector

Mutual encouragement

STEVENAGE, the first of the new towns, has seen its employment base undergo a significant change since the beginning of the 1980s, *writes Anne Steadman*. Traditionally a manufacturing town, the emphasis has shifted in recent years towards the services sector.

But, although the proportion of manufacturing to services jobs has moved from 55/45 per cent to 35/65 per cent during the period, the total number of jobs, at around 35,000, has remained fairly constant.

In common with other Hertfordshire towns, Stevenage has had to bear its share of the burden of the decline in the defence industry. Two divisions of British Aerospace, Space Systems and Dynamics, are located within its Gunnels Wood industrial area, but the town has also had considerable success in attracting inward investment in the past few years.

One recent success is the new £40m head office of Provident Mutual, which will be officially opened on May 26. The complex of three interlinked buildings provides a total of 200,000 sq ft of offices, of which all except 30,000 sq ft will be occupied by Provident Mutual's 850 staff.

Stevenage had the UK's first purpose-built pedestrianised town centre

The company began moving personnel out of its original base in Moorgate, in the City of London, in the mid-1950s, first to Hitchin. Pressure on space led to expansion into Stevenage, where eventually more offices were taken.

The decision to stay in the Stevenage area was based on several considerations. Transport links, says Ian Cartwright, Provident Mutual's administration services manager, are excellent, particularly the high-speed 125 rail service into Kings Cross. In addition, the company has forged firm links with local schools, which offer good recruitment potential.

There is also a good range of housing - both in Stevenage itself, where prices are as cheap as anywhere in Hertfordshire, and in the surrounding villages – a factor which influences recruitment from outside the area. Added to this, Provident Mutual had developed a good relationship with the council.

An even bigger boost for Stevenage has been Glaxo's decision to locate its European research campus in Stevenage, on a 75-acre site in Gunnels Wood. There is also a site of 25-acres for further expansion, should it be needed.

Glaxo was looking for a large site with good access to road, rail and air communications, says Richard Sykes, chairman and chief executive of Glaxo Group Research.

Stevenage also had the UK's first purpose-designed pedestrianised town centre. An indoor shopping mall, Norwich Union's, Westgate Centre, has been added, bringing town-centre retail space up to 1m sq ft. Most of the major high street multiples are represented, but the original part of the town centre has begun to look rather tired.

As part of its on-going plans to promote and sell Stevenage, the council plans improvements to the town centre and to the walkways which form the access route from the station.

Recladding of the leisure centre, along with improvement to the footbridges, is also a priority. The council is committed to putting up some of the cash for the improvements, but is also looking for input from the private sector.

Response from retailers and landowners with vested interests has been positive so far, says Elizabeth Wilson, Stevenage's head of development and planning. The council is also considering some form of town centre management, again in partnership with the private sector.

Letchworth, the original garden city, is leaving the public sector

A new leaf for the textbook town

LETCHWORTH, the world's first garden city, still features strongly in textbooks in numerous languages.

And last year alone, the Garden City Corporation – the public body formed by Act of Parliament in 1962, to replace the original First Garden City Ltd, set up in 1903 to buy nearly 4,000 acres – played host to no fewer than 500 visitors from 22 countries.

Once again, however, the corporation's future is before parliament. A private bill, to allow the corporation to become a heritage foundation (an industrial and provident society with charitable status) had its first and second readings in the Commons in January, and will begin its committee stage next month. Royal Assent is expected early next year.

The corporation was asked by the secretary of state for the environment to come up with plans to leave the public sector. The heritage foundation option was chosen because it will maintain the corporation's tax-exempt position, enabling it to continue to plough back revenue from its estate into the town in the form of grants and community facilities. It will also allow flexibility in the management of the estate, and protect it against commercial takeover.

Local opinion appears broadly in favour although there have been nine petitions against the bill – one from the Letchworth Leaseholders and Freeholders Association, and others from individuals, most of whom are connected with the same organisation.

From tha very early days, Letchworth, which now has a population of around 33,000, grew and flourished, enjoying full employment. Then came the early 1980s recession. Unemployment quickly reached 13 per cent as the four major engineering and manufacturing firms that had formed the focus of the town's employment – ICL, Shelvoke & Drewery, Borg Warner Automatic Transmissions and Kryn & Lahy – scaled down their operations, or left.

Faced with this unforeseen crisis, the Garden City Corporation was forced to review its policy. The resulting strategy remains in place today: the town could no longer rely on a handful of large employers. A good spread of smaller and medium-sized businesses would provide a more stable employment base. In addition, a more hands-on management role was called for, helping new businesses to set up; nurturing and looking after existing ones and responding to their needs.

As a first step, a corporation-funded business centre was established in 1981 to give free advice and other assistance to those wishing to start new businesses, and a variety of small units to rent were provided on the estate. Then, as the strategy began to bear fruit – and corporation chief executive Andrew Egerton-Smith points out that, until the current recession, Letchworth prided itself on a business start-up rate way above the national average – it was decided that larger units were needed.

In tha mid-1980s, a site was acquired with PosTel, and development began of what is now the Letchworth Business Park. Occupiers now include Du Pont Pharmaceutical, John Tann, Barron McCann, Unichem, Tesco Computer Centre and Sainsbury's. The park also accommodates a new business centre, with free advice on offer.

The Letchworth Business Club was formed in 1986, and now has 400 members. It is widely-regarded as one of the most successful of its type. Meetings are addressed by high-profile speakers, but the club also provides a forum for business discussion and encourages trading between members. It has links with training, cultural and educational organisations, and is expanding its contact area to assist other business clubs in the south.

Typical of Letchworth's flexible approach and determination to grow its own employment base is Fermark, a supplier of brassières to Marks & Spencer. The company moved to Letchworth in the late 1960s from London's east end. Fourteen years ago it had just 60 staff; today it has 450, including 100 new recruits in the past few months.

Fermark's production director, Peter Girdler, says that, over the years, the corporation has made several additions and alterations to the factory and, more recently, added an attractive facade. Now, with the company once again outgrowing its 28,000 sq ft premises, the corporation is refurbishing a nearby factory unit, which will house its packing and warehousing operations, leaving production at its existing site.

A more recent Letchworth recruit is Altro, which manufactures industrial safety flooring. Its products are in use at, among other sites, 10 Downing Street, Wembley Stadium, the White House, Malbourne Cricket Club and the QE2.

The company moved on to the garden estate in 1988, acquiring a 120,000 sq ft building which has been upgraded and refaced. It subsequently moved its car valeting subsidiary Autoglym to an adjoining building, and recently took the opportunity of adding the building on the other side for future expansion. Altro has expanded during the recession, turning in record results – pre-tax profits of £3.3m (£2.1m) on turnover of £36.6m (£32.4m) for the year to September 1992.

Chief Executive Michael Fincham says that, when the company moved from Hertford, it looked as far afield as Leeds and Bradford in its search for a new base. Plus-factors for Letchworth, besides the pleasant living conditions, included its excellent communications – close to the A1 and M1, airports and the rail services – and the businesslike attitude of the Corporation.

Anne Steadman

Positioned for recovery

Continued from first page

It hopes these can be the stepping-stones to a post-graduate medical school, which could link in with other supporting disciplines in medical electronics and bio-sciences, and with the important medico-legal work carried out by its law department.

The impact of these developments lies some way in tha future, and the rest of the 1990s look like continuing to be much more difficult for prosperous Hertfordshire than the gilded decade before. With its many advantages, compared with more distant locations, it is hard, however, to see Hertfordshire failing to adapt to changing economic circumstances, despite the shocks it has suffered.

Hugh West, at the HDO, points to the site in Stevenage which Provident Mutual has occupied as an example of what has happened in the past and will happen again. Less than 50 years ago, it housed heavy engineering, then switched to sophisticated defence activities which have in turn now made way for financial services.

Whatever its current problems, it is Hertfordshire's good fortune to be in a part of the country where such changes can take place.

BUSINESS AND THE ENVIRONMENT

The owners of a Natal game reserve believe conservation can only work if it pays, reports **Patti Waldmeir**

Preserving a profit

Zibane Mazibuko illustrates one of Africa's rarest cliches: he is a poacher-turned-gamekeeper.

Not long ago, this 33-year-old Zulu with broken teeth and ragged clothes, who speaks seldom and smiles less, was poaching game from the Phinda Resource Reserve in South Africa's Natal province.

Today, he says his future depends on keeping the animals alive: for they attract the tourists who bring scarce cash to this forgotten corner of rural Zululand. Thanks to them, Mazibuko has landed a contract to make 150,000 bricks for the new Phinda game lodge; he reckons he can earn R1,800 (£370) a month from his new business, far more than he could bag as a poacher.

The owners of Phinda, the South African-based Conservation Corporation, could not have paid for a better advertisement for their philosophy of wildlife conservation – a people-based approach to conservation, which is slowly gaining ground in Africa as game reserves come under ever greater threat from hungry, poor and angry local populations.

Kevin Leo-Smith is manager of Phinda and a director of the Conservation Corporation. He and his colleagues – brothers Dave and John Varty, who have already made a fortune from their brand of ethically-sound conservation – believe they have found a model to guarantee the survival of wildlife in Africa.

"The old notion of a game reserve where you put up a fence and chuck the people out is flawed," says Leo-Smith. "You need to make sure the cash flows through that fence." Local people must share not only the natural resources of the reserve – they must be allowed to gather wood for cooking, grasses for thatching, palm sap for wine-making and indigenous herbs for use by witch-doctors – but they must benefit from its development.

"We're aiming to use the economic 'exciter' of the lodge to attract [development and investment] funds, and make sure they get circulated locally so that local people understand that their future is invested with us – and that gives them an interest in conservation," Leo-Smith concludes.

In other words, they intend to turn all the poachers into honorary gamekeepers. The alternative, says Leo-Smith, is untenable: to live in a perpetual state of siege, keeping poachers out by force (the status quo in most other African reserves).

So the motivation for Phinda is more practical than ethical: and therein lies its best chance of success. For Leo-Smith and the Vartys practise a capitalist approach to conservation. They believe conservation can and must be made to pay – especially in South Africa, where a new black government will probably divert subsidies from state reserves (widely viewed as white playgrounds) to fund black social development.

Conservation Corp has raised R83m in equity funds, 40 per cent of it from foreign investors such as Hambros Bank and the Getty family trusts, to invest in Africa's undervalued wildlife assets, which they argue can be exploited to produce returns which are attractive and ethically sound.

That means making not only traditional "social investments" in surrounding communities – building schools, clinics and housing for employees – but, more importantly, providing venture capital for local businesses which must prove commercially viable to survive. Phinda's managers know charity is a poor substitute for sustainable development: they will provide management training, marketing advice, cheap loans, equity where necessary – but the entrepreneurial drive must come from the community.

Poacher-turned-gamekeeper: Zibane Mazibuko and the bricks he makes for Phinda

Mazibuko, the brickmaker, is only one of Conservation Corp's pilot entrepreneurs. When he was caught poaching, he was so poor he could not pay the fine imposed by the local tribal court: one cow, the currency of rural Zulu society. So he worked off his sentence making bricks for the reserve. Later, Phinda set him up as an independent brickmaker, with two rudimentary moulding machines and a contract for the new lodge. Phinda provides the raw materials, and passes all the profit (2 cents per brick) along to Mazibuko, after a 1 cent per brick repayment on the machinery. He pays his labourers out of profits and dreams of expansion once the lodge is built. Phinda gets bricks over a third cheaper than from commercial suppliers.

Not far from Mazibuko's brickworks, Thomas Nkomo – another reformed poacher – makes charcoal according to a traditional African method. Where before he stole wood from the reserve, now he clears unwanted bush for Phinda, and uses it to build a six-foot high circular pyre. The pyre smoulders for 17 days, yielding 800 5kg bags of highly marketable "environmentally-friendly" charcoal.

Nkomo's equity partner, a Phinda game ranger, sells the charcoal for R3.40 per bag. It costs R1.20 to produce, with costs held down further by the fact that Nkomo's labour is paid through a drought relief scheme funded by a local development agency.

But if charcoal and brickmaking are at least marginally viable, Phinda's Sondela entertainment centre could prove really lucrative. Phinda sold 168 R100 shares in Sondela to finance (with the help of a R25,000 interest-free loan) a centre where, for a nominal fee, employees can enjoy soccer, karate, body building and ballroom dancing, buy take-away food and drinks and have their photo taken by a local photographer.

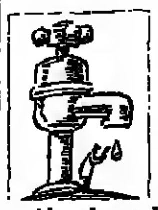
Phinda aims to ensure that Sondela shares pay an 80 to 100 per cent annual dividend, to popularise the idea of share ownership in a hostile environment; loan repayments will be deferred until the project makes sufficient profit.

Leo-Smith admits that Phinda does not put large amounts of its own money into these schemes, though he says the reserve supports 10 per cent of the local population (directly or indirectly). But Africa is littered with large and expensive development schemes which, inevitably, fail; spending small sums well, on commercially viable development - the Phinda method - is far more difficult than pouring shareholder funds into charity projects which do more for the donor's self-image than for the recipient's prosperity.

WORLDWIDE WATER

Tide of anger rises at the cost of clean living

Ariane Genillard on sewage laws and reunification



HERBERT Losem from Königswinter, a sleepy town on the Rhine, has bitter words to say about water pollution controls in Germany.

Already paying a high price for drinking water, he now faces heavier taxes for sewage treatment. With some of the most stringent environmental laws in Europe coming into effect and public finances under strain, Losem and other German citizens find they have to foot a heavier than expected bill for a clean Germany, especially with the costs of reunification.

"Environment is our national ideology. It is completely political and economics have little to do with it," says Losem, who is also Königswinter's finance director.

Königswinter, best known for its annual Anglo-German parliamentary seminars, once took all its water from the Rhine and returned it there. Today, despite recent announcements that 50 species of fish are once again swimming there, the Rhine remains too polluted to be used as drinking water along much of its length.

Instead, the town takes its water from the hills, and households pay some of the highest prices in Europe. Waste water ends up in sewage plants, which have to meet ever stricter anti-pollution requirements.

As tougher environmental laws bite, Königswinter faces massive investments in water infrastructure and waste water treatment. Like other municipalities in Germany, it has been fighting a bitter political battle to gain time and ease legislative pressure.

With six river basins, a humid climate and Europe's two largest rivers running across its territory, Germany hardly faces water scarcity. Instead, water management efforts have focused on the legal protection of existing sources against pollution.

Germany has some of the toughest environmental laws in Europe and has been at the forefront of efforts to promote similar directives in Brussels to gain Europe-wide implementation for its anti-pollution standards.

Concern for the environment grew in the 1960s and 1970s with fears that pollution control was being outpaced by the country's fast post-war re-industrialisation and it is now an important issue for all German political parties.

Recent environmental laws have been very successful in reducing water pollution. Following the introduction of the 1975 Washing and Cleaning Agents Act, which means detergents contained in washing products must be 90 per cent biodegradable, products containing phosphate have almost disappeared.

In 1957, the Federal Water Act laid down anti-pollution controls whose standards are far stricter than anything found in other countries. Recent amendments on waste water are forcing sewage plants to have not only mechanical and biological water treatments, which clean an estimated 85 per cent of waste water, but also very complex new chemical treatments.

'The state coffers are empty because we have to pay for east Germany as well'

Between 1970 and 1990, local authorities spent more than DM100bn (£40bn) on the construction, extension and overhaul of the sewage system and treatment plants. More than DM12bn is spent annually on effluent disposal.

In the 1990s, compliance with these requirements by all municipal and industrial treatment facilities will still require considerable investment by local authorities and industry. Municipal sewage plants alone are likely to cost more than DM10bn in west Germany and more than DM40bn in the east. Similar investments are needed to extend the sewage system. An estimated DM60bn to DM70bn is required for maintenance and repairs on existing sewers.

For industry, these requirements translate into charges for remaining pollutants which have more than tripled between 1981 and 1991 and are expected to be twice today's level by 2000.

Households pay their share. By the end of the decade, Losem, who pays DM1,200 of his annual taxes to help provide sewage plants, expects this charge to double. And to implement the law on waste water treatment, Königswinter, with 41,000 inhabitants, will have to find an estimated DM40m in the next two to three years to upgrade its existing sewage plant and a further DM130m to link all households to it by 2000.

Until 1993, state subsidies covered between 30 and 40 per cent of investment in new plants and large infrastructure projects connected to water management. Since the beginning of the year, these subsidies have been abolished in most Länder (states). "The state purses are empty. Who will pay now?" says Wilfried Teuber, state official responsible for water management at the federal environment ministry.

Another problem hindering lower costs is the lack of competition, explains Teuber. Most water management in west Germany is handled by state enterprises run by municipalities, though in the east foreign companies such as Lyonnaise des Eaux of France tender for local contracts.

The federal environment ministry estimates that DM100bn is needed to clean up polluted waters and implement existing anti-pollution standards in east Germany where pollution controls were ignored in the communist era.

For Losem, the additional taxes he will have to pay for waste water treatment add to the list of financial burdens he and other west Germans must pay for reunification. "The state coffers are empty because we have to pay for east Germany as well," he says.

PEOPLE

Jonathan Charkham to retire

Jonathan Charkham, a leading authority on corporate governance both in this country and abroad, is retiring at the end of June from his position as adviser on industry to the governor of the Bank of England

A barrister by training, 62-year-old Charkham had been at the Bank for twelve years. His first task was a secondment to set up ProNed, the organisation aiming to promote the role of non-executive directors. He returned in 1985 to take up his current assignment.

A member of the Cadbury Committee, his international reputation was underscored last year when he became the only foreigner to sit on the US President's sub-council on Corporate Governance and Financial Markets.

After the Bar, Charkham spent 15 years at the family firm Morris Charkham, before moving to Whitehall where he was later responsible for setting up the Public Appointments Unit, the central advisory body service in this field for civil servants.

He has written a book "Keeping Good Company" dealing with corporate governance in Germany, Japan, France, the US and UK, which is due to appear at the beginning of next year.

Charkham is not being directly replaced within the Bank. Instead, director Pen Kent will become the senior point of contact with industry, with both the new governor, Eddie George, and the new deputy, Rupert Pennant-Rea, also taking a keen interest.

Knowles steps down from Birmingham

Sir Richard Knowles, leader of the Birmingham City Council, the largest local authority in England, will retire later this year.

The feisty, cigar-smoking 75-year-old, a traditional Labour political boss who believes in what he calls "sensible socialism", said yesterday that he will accept a nomination to continue as leader at an internal election next month but will step down later.

Knowles departs as the political tide in Birmingham has begun to swing against Labour which has been in power, under his leadership, since 1984. During this period he fended off opposition from ideologues on the party left and fought an unsuccessful campaign to stop Conservative attempts, especially under the then Mrs Thatcher, to reduce the power of the town halls.

He has always worked at the grassroots of the Labour movement, becoming an organiser in 1950, and nursed the safe Sparkbrook seat in *Birmingham* for *Roy Hattersley*, the former Labour deputy leader.

■ Roy Allen, director of BICC Cables International Division, has been appointed to the board of BICC CABLES.

■ John Perry, chairman of the Forest Products and Laminates division, has been appointed to the main board of MEYER INTERNATIONAL.

■ Robert Mahler, formerly a deputy md of the gas turbines division and md of European Gas Turbines, has been appointed md of GEC ALSTHOM's power transmission & distribution division on the retirement of Roger Bensussan.

■ Nick Boyes, md of Innovata Biomed, has been appointed to the parent board, ML LABORATORIES.

■ Bill Hulton, a former director of Hoare Govett, has been appointed to the supervisory board of POLYGRAM NV.

■ Richard Danisz, formerly operations director of The FROST GROUP, has been appointed developments and estate management director, while Keith Evans takes over part of his former responsibilities as operations director of the Save Service Stations subsidiary.

■ Alan Mellor has been appointed chairman of RONCRAFT, a vice-president of its parent L&F and regional director for Europe and Africa; he is replaced as md by Paul Barrow.

■ Steve Hannon is promoted to become distribution director of ROYAL MAIL following the retirement of Mike Berry.

■ Jon Marx, formerly with CarnaudMetalbox, has been appointed md of LOW & BONAR's European packaging following the retirement through ill health of Tom Agnew.

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ARTS

Television / **Christopher Dunkley**

Confusion in the middle ground

In the old ITV the received wisdom was that you won ratings with lowbrow stuff such as darts matches and moronic game shows but acquired prestige with expensive drama. Now the belief is that if you pick the right sort of drama you can win reasonable ratings and prestige simultaneously, and in the long term build a loyal audience. Hence the abandonment of darts, a reduction in game shows, and an increase in middlebrow drama such as *The Bill*, *London's Burning* and all those steam train detective series.

However, the formula can go horribly wrong, as we saw last weekend with the screening of embarrassing flops on successive evenings. *The Marshall* looked a bit like another Europudding, those dramas filmed somewhere in continental Europe with international casts and umpteen co-producers in the hope that the Germans, French and British will all like them.

The idea has never worked yet and probably never will, but the oddest aspect of *The Marshall* was that although it had the characteristically false tones of the dubbed programme it appeared to have been recorded in English lip-synch, and although it was set in Florence the cast all seemed to be British, from Alfred Molina as the Italian police marshall and Gemma Craven as his wife to such small roles as Clementina, which was taken by Anna Cropper. To use such an impressive cast to make such a lead-footed and boring programme was a shame.

But at least it was not intent upon stuffing its political correctness down the viewer's throat, which is such a characteristic of Lynda La Plante's work. From *Widows* to Sunday's *Seekers* Ms La Plante has been dishing up the same combination of resourceful, reliable women and violent, hateful men. No doubt politically correct broadcasters wriggle with delight over her multiracial casts, however unlikely the teamings.

This time we were given tubby, blonde, middle-aged Stella and svelte, black, young Susia. And their chief factor in common? A husband; the same one, simultaneously. The absolute b-b-bigamist. But what can you expect from a man ... when he emerges from the mind of La Plante, anyway. As in *Prime Suspect* you can ignore all this sermonising flim-flam if there is a good taut plot to follow, but *Seekers* was hopelessly confused.

* * *

First acquaintance with Ruby Wax in *Girls On Top* suggested one of those American women with more drive and chutzpah than talent. Second thoughts, when she began doing her own weird shows, was that she might be able to create a world of her own in a way that only Barry Humphries had previously managed. But the first of a new series of *The Full Wax* on BBC1 last Thursday brought third thoughts: perhaps the jokey sadism which requires Joanna Lumley to play a mentally unstable lush, thrown over by her husband in favour of a bimbo with big boobs (Ms Wax meet Miss La Plante) cloaks a genuine streak of cruelty.

Still, Lumley had the last laugh: not only was she very funny parodying her own character from *The Avengers*, and just as good as Jennifer Saunders (whose mannerisms and tone of voice she adopted, wittingly or not) in the comedy recipe sequence, but at the end, spattered with cream and breathless from portraying hysteria, she was still achingly beautiful ... which is hardly the first phrase that springs to mind in describing Ms Wax. Precisely the sub-text of the skit, you may say, but does Ruby Wax really accept her own appearance in the way that, say, Phyllis Diller seems to, or is the joke jealousy actually all too real?

* * *

Best comedy of the week, and for a very long time, was the first in a new series of *The Comic Strip Presents* on BBC2. Oddly enough this also took the form of a pastiche of action series from the seventies. There was Jason Bentley, a Peter Wyngarde lookalike in lace cuffs and crushed velvet flares, whose modus operandi was to drive the Rolls to a country house occupied by a mad colonel and his daughter (mini skirt and too much makeup), drink a bottle of claret, smoke 50 cigarettes and arrest everybody. Jim Broadbent played Shouting George of "The Weeney", a 10-Guv-a-day copper who always drifted his car into the police yard sideways.

Peter Richardson (left) and Keith Allen as Bonehead and Foyle, the bumbling detectives, in BBC2's "The Comic Strip Presents"

And the stars were Bonehead and Foyle, who saw their job as climbing chimneys, doing handbrake turns, and pointing automatics while bellowing "Freeze!"

* * *

However irritating you may find John Pilger, from the grinding monotone of the voice to the hectoring didacticism of the manner, you surely have to admit that he is right about Pol Pot, Cambodia and the spinelessness of the international community, and you have to admire his tenacity.

Alone among the battalions of television journalists, Pilger seems to mind that a cosmetic job is being done on the genocidal Khmer Rouge to enable the UN to claim that it has organised democratic elections in Cambodia. Having gone back to the country again and again, Pilger made yet another visit for *Viewpoint 93* on ITV and left no one in doubt about his feelings: that suppressing the name of the Khmer Rouge and tolerating their "participation" in elections is like suppressing the name of the Nazi party and tolerating their participation in European elections.

* * *

Installing a camera crew in a family house and filming the result may be a perfectly legitimate form of entertainment but it is surely time that television stopped pretending that it is a way of investigating reality. Paul Watson, who produced the 12-part BBC1 series *Sylvania Waters* which began on Thursday, is having a second go at copying the famous 1972 American series which used "fly on the wall" techniques to observe the effects of cameras on family life. His first attempt was with the Wilkins family in Reading in 1974.

Watson describes his new series, about the Baker-Donaher family in Sydney as "living soap opera", which sounds admirably modest, and seems to go some way towards admitting the unreality of the affair – but I wonder. Perhaps the bickering, boozing Noelene and Laurie deserve everything that is coming to them, but – like others before them in this situation – they now regret ever having become involved. No one who really appreciated the likely outcome would ever agree to such an arrangement in the first place. No doubt that explains why we always see the same sort of crass egotists in this sort of series. As we laugh at their antics in the coming weeks it might be as well to abandon Watson's word "living" and consider it as just another Australian soap opera, designed largely to appeal to unsophisticated teenagers.

* * *

Channel 4's culture magazine *Without Walls* goes from strength to strength. Earlier this season they showed an unusual trio of programmes about the effects of drug taking upon the creation of works of art, and last night they concluded another trio, this time about technology and man's mastery (or otherwise) of nature.

The twist that has made it such an engrossing series is that instead of just talking to the usual white-coated scientists in rimless glasses they have talked mainly to science fiction writers. Remembering the accuracy of some of the predictions of writers such as H.G. Wells and Arthur C. Clarke, and the technical creativity of Asimov, it is no surprise to discover that Brian Aldis, J.G.Ballard, John Brunner and others now have thoughts – about artificial intelligence, cloning, virtual reality and so on – which illustrate activity at the frontiers of modern science far more vividly than you would expect from plain scientists. Furthermore *Without Walls* deserves credit for building some sort of bridge – however narrow, however populist, however temporary – between the two cultures.

London Ballet / **Clement Crisp**

A Don without redemption

I have now seen the Royal Ballet's *Don Quixote* four times – men have been decorated on the battlefield for less – and I remain as disenchanted by its components, and aghast at its inadequacies, as I was after the first night. I can find no redeeming feature in it: each element – of design, production, performance, style, even orchestration – undermines the real merits of a ballet which, for all its inconsistencies, has lasted for more than a hundred happy years in the Russian repertory.

Mistrust and misinterpretation have taken a horrid toll on this *Don Quixote* and its interpreters. I do not recall the Royal Ballet looking more uncertain or more provincial, its artists battling with choreography they plainly do not understand and have not been taught to appreciate. The standards of classical and character dancing are unworthy.

The choice of the text was wrong-headed: Baryshnikov's pruning of the Kirov version is ungenerous in scale, hustled in dramatics. Far better to have used the Kirov original, which is joyous, crammed with varied dances, and stylistically coherent. It enshrines a way of performing this classic-Spanish romp which could be exhilarating and challenging for our dancers. It is also charming to look at, since the designs made by Golovin in 1902 are beautifully preserved, and beautifully effective. The unrelenting blare of Mark Thompson's decoration, which extinguishes the dancers, and his lugubrious costuming (dancers as mortuary attendants), blight any gaiety. The character playing has a routine air, except for the inexplicable and scene-stealing drunk who haunts the edges of the stage throughout the first act; though I wonder what the priest with Red Riding Hood's basket is offering to the locals as he patrols the plaza – saucy postcards? Indulgences? Escape plans?

In St Petersburg the score is a tuneful mish-mash, but it exactly suits the zip and crackle of the dances, with their occasional yearning or classically serious moments. Covent Garden's gim-crack version betrays its hand as soon as we hear the honky-tonk piano playing for the inapt front cloth scene that begins the evening. Nothing good can come of such a view of Minkus, and nothing does. And no one on stage – save Irek Mukhamedov, who realised he had fallen on hard times – has any idea of how to deal with the stylistic demands of such a piece.

We have seen great performers in this ballet, from Plisetskaya (who was a miracle of joyous bravura) to Maximova and Vasiliev (who were sun bursts), and I treasure memories of Galina Samsova and Lucette Aldous, of Semenyaka, of Terekhova, as marvellous heroines. They each brought a sense of ebullient happiness, of high spirits and higher jumps, of witty playing and wittiest feet in the variations. The Kitris I have seen thus far – Viviana Durante, Cynthia Harvey, Fiona Chadwick and Leanne Benjamin – have been cramped by staging and design, and looked understandably desperate. If the role of Basilio can defeat Mukhamedov (on the first night he tried to kick-start this dismal affair, with no success), then lesser artists are simply its prisoners. Zoltan Solymosi, Stuart Cassidy, Jose Manuel Carreno (making a debut with the Royal Ballet) deserve more than the strait-jacket of such charmless routines.

The rest of the cast are baffled from curtain rise. I record with no pleasure that six toreadors (in costumes that make them look like neckless wonders with bulging hips) seem unhappy with their one difficult step; that in the vision scene (where the dryads have only one step to perform, interminably) the luscious variation for the Dryad Queen has been made stiffly polite; that the playing of Mercedes and Espada would be more likely in Bude than Barcelona.

Only Nicola Roberts as Amour has shown the pretty, nuanced dancing than can make the choreography sparkle as it should. Elsewhere, tambourines, handclaps and manic vivacity turn *Don Quixote* into a *totentanz*. Audiences have been grossly misled by a staging which ranks among the worst things the Royal Ballet has shown us in half a century.

Exhibitions / **Jennifer Grego**

The glories of Rome shine anew

Two current exhibitions in Rome prove once again how much that city owes to the worldly talents of the Catholic church. Both "The Borghese Gallery" at St Michele a Ripa and "Sixtus V" centre on the Papacy; both relate to the late Renaissance and early Baroque.

The first marks the re-appearance of 300 paintings from the magnificent Borghese collection which have been in storage for nine years while the villa has been restored. Given the pace of Italian restoration these could be in San Michele for two years. The second looks at the radical changes made to the city during the short reign of a remarkable Pope, Sixtus V.

Cardinal Scipione Borghese was the favourite nephew of Pope Paul V (1605-1621). A passionate collector, he brought the nucleus of his grand collection with him when the family moved to Rome from Siena. There, he built one of the world's finest patrician art collections. Scipione showed particular acumen in his enthusiasm for Caravaggio: a passion not shared by his fellow cardinals at St Peter's, who commissioned and then, shocked at the nakedness of the boy Christ, refused his masterpiece, the "Madonna of the Palafrenieri" (also known as the "Madonna of the serpent"). The painting was removed from the Palafrenieri chapel in St Peter's and sold to Scipione.

Even though only about half the 566 paintings in the collection are here, fitting them into the small de-consecrated church posed many problems. The organisers found a clever solution – but somewhat shocking for those who remember their original luxurious setting.

The paintings are crowded together, almost touching, in lines four deep, in the casually cluttered manner used by collectors in the late 1600s. However, one important detail has been forgotten. The pictures at the top (rarely the masterpieces) are difficult to see. Early collectors got round this by tilting the top row downwards towards the visitors below, but this has not been done here.

All six of Scipione's Caravaggio's are on show, as is Domenichino's splendid, newly-restored "Caccia di Diana". There are several works by the Ferrarese Dosso Dossi, including his mysterious "Apollo and Daphne" and the "Maga Circe"; Cranach's magnificent Venus with Cupid and his honeycomb; Carpaccio's enigmatic "Courtesan"; and two of the Cardinal's Titians. Not, sadly, the gem of the collection, "Sacred and Profane Love", nor his "Venus blindfolding Cupid", both being restored. Another famous omission is Raphael's "Deposition", considered too delicate to move.

"The Rome of Sixtus V" at Palazzo Venezia celebrates (a little late) the fourth centenary of the Pope's death. The exhibition gives some idea of what an absolute monarch with vision and a well-lined purse can make of an insalubrious mediaeval town. But the organisers' determination to show us every aspect of Sixtus's frenetic activity, from coins and commemorative medallions to sections on books and music, detracts a little from the excitement of his central achievement.

One gets a better idea of the grandeur of his plans by standing at the Quattro Fontane crossroads on the hill in the centre of Rome. Here, Sixtus's brainchild, the Via Felice, crosses the road designed by his predecessor Pius V (now known as the Via XX Settembre) 20 years earlier.

Domenico Fontana's four fountains were carved into each corner of the crossroads to disguise the imperfect right-angles of the small square. Standing with one's back to Borromini's church of St Carlo, there is a breathtaking view down each of the four roads.

The grandeur of Sixtus's design does not come out clearly in the exhibition, as no contemporary plans exist to show what Sixtus and his architects thought they were doing. Contrary to some of the contemporary interpretations, Sixtus's plans were dictated only partly by ecclesiastical considerations.

It made sense that the seven main basilicas providing indulgences (which the faithful flocking to Rome were required to visit on a single day's pilgrimage) should be linked – to many churchmen the point of Sixtus's development seemed just that. But Sixtus's plan went far beyond the practical religious exigencies of the moment. He was concerned with laying the basis for the city's future social and commercial development, with a cross-system of wide thoroughfares "indifferent to expense, and ruthless in the face of obstacles", as Domenico Fontana pointed out admiringly, opening out piazzas, both in front of the building he had had constructed, the Lateran and Quirinal Palaces, and at the intersections of his roads.

In spite of his imaginative and organisational abilities, Sixtus was a cruel and impatient man. These latter qualities come out in the fine portrait, attributed to Filippo Bellini, with which the exhibition opens. His relationship with his architect, Domenico Fontana, however, was highly successful: they shared a passion for detail and an interest in solving engineering problems.

Detail from a portrait of Sixtus V by Filippo Bellini

A handsome wooden model and numerous engravings in the central part of the exhibition give some idea of the charms of the Villa Montalto at *Termini* (pulled down in 1925 to make way for the railway station). Sixtus designed this charming country villa, again with Fontana, to soothe his spirits when enduring semi-exile under the reign of Gregorius III, who disliked him profoundly.

Another fine model is Vanvitelli's handsome wooden section of the cupola of St Peter's. Without Sixtus's energy and determination, Michelangelo's project might never have been completed. Giacomo della Porta and Domenico Fontana did it in 22 months, using 800 builders.

The last section is devoted to contemporary painting, mostly culled from Roman churches. There is a splendid Eros and Psyche from the Borghese collection, a "Visitation" by Federico Barocci from St Maria in Valicella, and two fine works by Paul Brill from the Louvre and the Ca D'Oro in Venice.

The Borghese Gallery at St Michele a Ripa, Via di St. Michele a Ripa. Closed Monday. Ends December 31. The Rome of Sixtus V, Palazzo Venezia. Ends April 30.

INTERNATIONAL ARTS GUIDE

■ BONN

Beethovenhalle Tomorrow: Dennis Russell Davies conducts Orchestra of the Beethovenhalle in works by Hindemith and Mahler, with violin soloist Oscar Shumsky (773666) **Oper** Fri: Puccini's Trittico, staged by three women directors. Sun: Otello. Next Wed: Der Freischütz. May 9: first night of new production of Cav and Pag (773667)

■ COLOGNE

Philharmonie Tonight: Bach and Telemann concert with Capella Hannover. Tomorrow: Ivan Fischer conducts Cologne Radio Symphony Orchestra in works by Brahms and Bartok, with violin soloist Viktoria Mullova. Sat: Andras Schiff plays Schubert. Mon: James Conlon conducts Mozart and Mahler (2801) **Opernhaus** Tonight and Fri: Billy Budd. Tomorrow, Sun, next Wed: revival of Katya Kabanova with Nadine Secunde and Leonie Rysanek (221 8400) **Schauspielhaus** Tonight: Jochen Ulrich's new Carmen ballet. Tomorrow: Edward Albee's play Who's Afraid of Virginia Woolf. Fri: new production of Shakespeare's As You Like It, directed by Torsten Fischer. The **Kammerspiele** repertoire includes plays by Genet and Lorca (221 8400)

■ COPENHAGEN

Tivoli Tonight: Peter Ettrup Larsen conducts Tivoli Symphony Orchestra in works by Lutoslawski, Ibert and Prokofiev. Tomorrow: Michael Schoenwandt conducts Berlin Symphony Orchestra in works by Strauss, Franck and Schoenberg, with piano soloist Cecile Ousset. Fri: Kirstan Dolberg and Tivoli Concert Chorus sing Brahms' Alto Rhapsody. The concert and recital programme continues most evenings till mid-September (3315 1012) **Royal Theatre** Tonight and Tues: La traviata. Tomorrow: Tosca. Fri: Balanchine gala. Sat, next Mon and Wed: John Cranko's ballet Onegin. The season ends on May 22 (3314 1002)

■ DUSSELDORF

Deutsche Oper am Rhein Tonight: Die Walküre with Gabriela Schnaut and Bodo Brinkmann. Tomorrow: two Heinz Spoerli ballets. Sun: Siegfried. Tues: Spoerli's ballet Goldberg Variations. Next Wed: Götterdämmerung (211-8908 211). **Duisburg Theatre** has Pet Halmen's new production of Turandot on Sun, with Sabine Hass in title role. Spoerli's new production of Giselle opens on May 9 (203-3009 100) **Schauspielhaus** Tonight: Odon von Horvath's play Zur schönen Aussicht. Tomorrow: Gorki's Vassa Shelesnova. Fri, Sun, next Mon and Wed: Shakespeare's A Midsummer Night's Dream. Tues: Brecht's Mr Puntila. The repertory in **Kleines Haus** includes David Mouchtar-Samorai's new production of Gorki's Summer Guests (211-162200/211-369911)

■ FRANKFURT

Alte Oper Tonight: Sade. Tomorrow: recital for two pianos by Anthony and Joseph Paratore. Mon: Oliver Widmer, accompanied by Roger Vignoles, sings Lieder by Schumann, Schoeck, Pfitzner and Wolf. Tues: Raymond Leppard conducts Indianapolis Symphony Orchestra in works by Schubert, Bruch and Schumann, with violinist Dmitri Sitkovetsky. Next Wed: Wynton Marsalis Septet. May 11, 12, 14: Metropolitan Opera guest performances (1340 400) **Opernhaus** Tonight and Fri: Il matrimonio segreto. Tomorrow: Rigoletto (236061) **Kammerspiel** Tonight: German stage premiere of Tom Stoppard's 1973 radio play Artist Descending a Staircase (2123 7444) **Jahrhunderthalle Hoechst** Next Mon: Raymond Leppard conducts Indianapolis Symphony Orchestra in works by Schubert and Beethoven, with piano soloist Maria Joao Pires (3601 240)

■ GOTHENBURG

Konserthuset Tonight and tomorrow: Okko Kamu conducts Gothenburg Symphony Orchestra in Sibelius' Lemminkainen Legends and the world premiere of a new piano concerto by Bengt Hambraeus (b1928). **Stora Teatern** Sun, next Wed: Robin Stapleton conducts Francesca Zambello's new production of Falstaff, with Ingvar Wixell. Eight further performances till June 5 (131300)

■ HAMBURG

The main event this week at the **Staatsoper** is the first night on Sun of Johannes Schaaf's new production of Die Entführung aus dem Serail, conducted by Claus Peter Flor and designed by Wolfgang Gussmann. The cast is headed by Catherine Naglestad as Constanze, Kurt Streit as Belmonte and Schaaf himself as Bassa Selim. Further performances May 5, 8, 12, 15, 18, 26, 28. Tonight's performance is John Neumeier's ballet A Cinderella Story, music by Prokofiev. Andreas Schmidt gives a song recital on Fri (351721). Carolyn Carlson's new dance work Commedia can be seen tonight at Deutsches Schauspielhaus (248713). Tomorrow at Musikhalle: Glenn Miller Orchestra and Pasadena Roof Orchestra (354414)

■ LEIPZIG

A two-month opera and ballet festival opens on Sat at the **Leipzig Opera House**, celebrating 300 years of opera. The opening night has Istvan Szabo's Boris Godunov, conducted by Janos Kulka (repeated May 4, 7, 12, 16). Two new Uwe Scholz ballets follow on Sun (repeated May 6, 13). The new next opera production is Rameau's Hippolyte et Aricia, first night May 8, conducted by the Leipzig Opera's intendant, Udo Zimmermann. The stage premiere of Stockhausen's Dienstag aus Licht follows on May 28, and the world premiere of Jörg Herchet's new opera on June 25. The Opera House, closed for most of this season for repairs, resumes repertory performances next week with La boheme, Cosi fan tutte and others (7168 273). The only events at the **Gewandhaus** over the next week are a performance on Fri of Beethoven's Ninth Symphony by MDR Symphony Orchestra and Chorus conducted by Daniel Nazareth, and a chamber music evening with Gewandhaus Quartet and Wind Quintet on Sun (7132 280)

■ LYON

Gary Bertini conducts Orchestre National de Lyon tomorrow and Fri in Auditorium Maurice Ravel. The programme consists of works by Schoenberg, Stravinsky and Richard Strauss, with violin soloist Jean-Jacques Kantorow (7860 3713)

■ MUNICH

Tomorrow and Fri at **Gasteig**: Kurt Sanderling conducts Bavarian Radio Symphony Orchestra in works by Beethoven and Sibelius, with violin soloist Frank Peter Zimmermann (4809 8614). Tomorrow in Herkulessaal: Aldo Ciccolini piano recital (299901). Sun and Tues in **Cuvilliés-Theater**: Sinnhoffer Quartet plays Reger and Beethoven (221316)

■ STOCKHOLM

Royal Opera Tonight: Swedish Ballet School. Tomorrow: first night of new ballet mixed bill, with works by Balanchine, Ulf Gadd and Ulysses Dove (repeated on Mon and Wed-Sat next week). Fri and Sat: Cav and Pag (248240) **Konserthuset** Tonight and tomorrow: Frans Brüggen conducts Stockholm Philharmonic Orchestra in works by Schubert, Kraus and Beethoven. Next week: Gidon Kremer plays violin concertos by Shostakovich and Sibelius (244130) **Berwaldhallen** Tonight: Emmanuel Krivine conducts Swedish Radio Symphony Orchestra in works by Brahms, Sibelius and Rakhmaninov (784 1800)

■ STRASBOURG

Theatre Municipal Tomorrow, Sun afternoon, next Tues: Rudolf Krecmer conducts Bernard Sobel's new Opéra du Rhin production of The Adventures of Mr Broucek (8875 4823)

■ STUTTGART

Staatstheater Tonight: Markus Stenz conducts Ruth Berghaus' production of Weill's Mahagonny. Tomorrow: Alan Hacker conducts Cosi fan tutte. Fri and Sun: Ariadne auf Naxos. Next Tues: La Cenerentola. May 8: new Berghaus production of La traviata. **Kleines Haus** has a new production of Glaube Liebe Hoffnung by Odon von Horvath, plus Ibsen's Nora and Shakespeare's Romeo and Juliet. A new production of Ariel Dorfman's Death and the Maiden opens tomorrow at **Theater im Depot** (221795)

European Cable and Satellite Business TV

(All times are Central European Time)

MONDAY TO THURSDAY

Super Channel: European Business Today 0730; 2230

Monday Super Channel: West of Moscow 1230.

Super Channel: Financial Times Reports 0630

Wednesday Super Channel: Financial Times Reports 2130

Thursday Sky News: Financial Times Reports 2030; 0130

Friday Super Channel: European Business Today 0730; 2230

Sky News: Financial Times Reports 0530

Saturday Super Channel: Financial Times Reports 0930

Sky News: West of Moscow 1130; 2230

Sunday Super Channel: West of Moscow 1830

Super Channel: Financial Times Reports 1900

Sky News: West of Moscow 0230; 0530

Sky News: Financial Times Reports 1330; 2030

Arts Guide

Monday: Berlin, New York and Paris.

Tuesday: Austria, Belgium, Netherlands, Switzerland, Chicago, Washington.

Wednesday: France, Germany, Scandanavia.

Thursday: Italy, Spain, Athens, London, Prague.

Friday: Exhibitions Guide.

Edward Mortimer

Friend when in need

The west holds Turkey at arm's length but relies on its support

Turgut Ozal deserved more than a polite nod from western leaders. There is something about Turkey that deflects the gaze of the western onlooker. Everyone knows it is important, but no one seems to like thinking about it.

I suspect the problem is that it is not quite big enough to have a department all to itself, whether in a foreign ministry or a university, and yet it does not fit neatly into any group or category. That, of course, is precisely what makes it such a fascinating country, when you do look at it. But most westerners are just too busy to be fascinated. At least one caller to this office last week assumed, on being told I was in Turkey, that I must be on holiday.

I wish I had been on holiday. Alternatively, I wish I could truthfully say I had gone there to attend Presideot Ozal's funeral. In fact I weot to help write the Financial Times's annual survey of Turkey, and it was pure chance that Ozal died the day before I arrived. The result was, however, that I was able to listen to a lot of Turks talking about the leader they had lost.

To say they were unanimously grief-stricken would be an exaggeratioo, though certainly many were more charitable thao they would have been before his death. The fact is that, while *alive*, Ozal was disliked by many of his countrymen and especially by the media. Like Lady Thatcher, whom he admired (though he did not follow her monetarist policies), he was attacked both for widening the gap betweeo rich and poor and for making the country subservient to the US. He stuck his neck out especially during the Gulf war, rather as she did in allowing US aircraft from British bases to bomb Tripoli in 1986. Indeed, Turkish feeling against the use of Turkish bases to bomb Iraq was stronger and more widespread than the corresponding feeling in Britain at the time of the Libyan attack.

At the time western leaders heaped praise on Ozal. George Bush and Margaret Thatcher both claimed him as a personal friend. I fully expected to see them at his funeral, and so did many Turks. But they failed to show, as did their successors. The US was represented by Jim Baker, the former secretary of state, and by his successor's deputy, Cliff Wharton; the UK by Baroness Chalker, minister of overseas development; France by its foreign trade minister.

John Major and Douglas Hurd, of course, were required in the division lobby – Maastricht *oblige*. Bush was busy with his presidential library. Clintoo was struggling to get his economic package through the Seoate. Thatcher and Vice-Presideot Al Gore were somewhere in eastern Europe. No doubt Francois Mitterrand and Warreo Christopher had equally good excuses. But couldn't we have managed at least a member of the royal family?

Anyway, for the funeral of a close friend and valued ally nooe of the excuses is good enough. When a friend dies you drop everything and rush to console his family. If these people really valued Turkish friendship, as they claim to, they would have been there.

A convincing show of gratitude at Turgut Ozal's funeral would not have cost the west much

"Turkey helped the west in the Gulf war," said my friend Sait Dilek sadly. "Perhaps another time it will oot bother." Of course that is a highly sentimental response. Sait, a young Kurd who worked for Ozal's government and was deeply devoted to him, was feeling sentimental that day. Many Turks were. Ozal, however, did not decide his Gulf policy on sentimental grounds, and it is unlikely that another Turkish leader would do so in a future crisis. It was oot in Turkey's national interest to give free rein to an aggressive and expansionist ruler in a neighbouring country. Still, it is not always easy to act on a rational calculation of national interest when public opinion is against you; and public opinion can be swayed by sentiment.

A convincing show of gratituda to the dead president would not have cost the west much. Why was it not forthcoming?

"I suppose they just thought of him as a wog," says one disillusioned English Turcophile. Perhaps, at its crudest, that is right. We think of the Turks as Moslems, *ergo* non-Europeans. So their insistence that they *are* European only irritates us. With their suits and ties and their Roman script, the Turks lack even the exotic charm of the desert.

The Islamic lobby in Turkey feeds on this attitude. It loves to quote a remark, allegedly made by Jacques Delors, the president of the European Commissioo, on the day before Ozal addressed the European Parliament, to the effect that Europe consists of "countries of Judeo-Christian identity". To Turkish minds that explains a lot of things, such as why Europe leaves Bosnian Moslems to their fate; why children born in Germany of Turkish parents are not entitled to German citizenship; and why Turkey's application for membership in the EC is pigeon-holed, while "Christian" countries, not only from the European Free Trade Association but from the former Warsaw Pact, are encouraged to jump the queue.

Some people think that Ozal, himself a devout though liberal Moslem, deliberately courted this reaction when he slammed in Turkey's EC application in 1987, and that the present Demirel government is more sincerely, as well as more subtly, European in going for a customs union first, leaving both Turkey and the Community more time to evolve before the issue of full membership is taken up again.

Maybe. There are certainly many problems to be solved before full membership could be realistically considered, not the least being the Cyprus issue and the consequent Greek veto. But at least Greece does not make the mistake of underrating Turkey's importance – Constantine Mitsotakis, the Greek prime minister, did show up in Ankara last week.

Roger Altman, deputy US Treasury secretary, outlines his views on policy to Michael Prowse

Understudy with a principal role

"I thought I knew Washington well," fumes Mr Roger Altman, deputy US Treasury secretary, "but I didn't expect the Republicans to reach this new height of hypocrisy."

He is referring to the Senate filibuster that killed President Bill Clinton's economic stimulus plan last week. How, he wonders, can a party that presided over a tripling of the national debt have the effrontery to block a $16bn jobs package on grounds of fiscal prudence.

Yet, with hindsight, should Mr Clinton have invested so much political capital in so minor a part of his programme? (Most observers say the stimulus would not have had an appreciable economic impact.)

Mr Altman will not entertain the idea. "It was an important insurance policy," he says, and warns that gross domestic product figures for the first quarter (due out tomorrow) will "underline the economy's fragility".

Mr Altman has the brisk, confident manner of a successful middle-aged investment banker. He approaches the interview with deliberation, insisting that questions are precisely posed and frequently pausing mid-sentence to collect his thoughts.

He is on the defensive partly because congressional opposition to the Cliotoo plan is mounting almost daily. Republicans are certain to fight big increases in income taxes on high earners while Democratic leaders are opposing new tax credits for business – seeo on Capitol Hill as a flagrant violation of the 1986 Tax Reform Act which eliminated many loopholes.

The proposed energy tax is also in trouble; Mr Leoo Panetta, the budget director, has publicly voiced fears that Congress may pass a blanket exemption for agriculture.

A contemporary of Mr Clinton's at Georgetown University, Mr Altman gained an MBA at Chicago before making a career in financial services. He served as a senior Treasury official in the Carter presidency then flipped back to Wall Street for the 1980s bull market, making a pile of money at the Blackstone Group, an investment bank.

Now he is back in Washington, relishing his role as one of the president's "inner circle" of economic advisers, intimately involved in crafting policy on everything from healthcare reform to exchange rates.

But while admirably qualified for the job, is he giving Mr Clinton sound advice? What does the administration hope to gain by talking the dollar down against the yen – a policy that is deeply resented in Tokyo especially when the president himself seems to be one of prime culprits?

Mr Altman denies point blank that this is the policy. "I don't believe you can talk a currency in any direction for very long that markets don't want it to go." The yen's rise, "is a product of market forces", a natural response to the Japanese fiscal stimulus which has improved the ontlook for growth.

With the example of Japan in mind, where gross savings amount to 35 per cent of GDP, isn't the real challenge for the US to raise tbe oational savings rate? Given the scale of the challenge is the deficit-cutting plan adequate?

Cutting the deficit in half as a percentage of GDP over four years is a big step forward in terms of reducing public dissavings, Mr Altman says defensively.

But is it? The structural deficit (tbe deficit allowing for cyclical changes in economic activity) is scbeduled to fall about $45bn next fiscal year to $205bn.

But no further reduction is planned; the structural deficit rises steadily to abont $242bn io fiscal 1998. Wasn't the administratioo really just holding the underlying deficit stable?

"Well ... that's a very important way of looking at it ... but it's not the primary way we did look at it." The target you set, Mr Altman explains, is "a combination of what is required by the economic environment and what it is possible for the system to ahsorb". He claims that planned healthcare reforms will slow the growth of spending and that the economy may do better than assumed in the plan.

But giveo the electoral cycle, haven't you just missed your big chance to get the deficit down?

Altman: part of Clinton's 'inner circle' of economic advisers

"I just don't agree with that." Mr Altman says the president deserves credit for bringing about a "sea-change" in attitudes on the deficit. This is a moot point: many attribute the change to Texas billionaire Ross Perot's populist calls for balanced budgets and argue that the Clintoo team misjudged the country's mood. At a time when people were willing to face sacrifices, it asked for too little.

He is on the defensive because opposition to the Clinton plan is mounting daily

What is to be gained by proposing increases in marginal tax rates on high earners of more than a third (from 31 per cent to 40 per ceot or more for those earning in excess of $250,000 a year)? Won't this depress savings?

Mr Altman's response is that tax rates are not being raised to levels that would seriously interfere with economic incentives. "Let me be very personal. Nobody I know who earns that kind of money is going to work less because of those tax increases."

But won't they rearrange their tax affairs to reduce their tax liability? He seems unperturbed by suggestions from Professor Martin Feldstein of Harvard and others that high earners will find ways of dodging the new taxes. "I guess we're going to disagree."

But does he not accept the principle of the 1986 act – that lower rates and a broader base make sense? "Yes, I do." But the inequallties of the 1980s have to be reversed. "If it's a choice between simplification and progressivity, I choose progressivity."

But what about small business? The income tax increases will hit proprietors of small businesses who file under the personal code. Why depress the sector that created the most jobs in the 1980s?

It seems that fairness is *more important. If they earn* enough they will just have to pay the higher taxes, says Mr Altman.

Is a value-added tax likely, especially given tbe need to finance bealthcare reforms? He is careful not to rule it out. "Shifting the emphasis of taxes from investment to consumption is an important goal. That's why we recommended an energy tax which, after all, is a consumption tax."

Picking his words, Mr Altman adds: "Whether we ever raise a VAT is not known to me. I truly have no idea."

Extending health cover to an extra 35m people and guaranteeing everybody a generous package of basic benefits could be hugely expensive. What chance is there of Congress agreeing to an extra $90bn or so a year in extra taxes to pay for the new benefits?

He dislikes the tone of the question. A primary goal of the healthcare reform is to reduce the rate of growth of spending, not increase it, he explains patiently. But he is vague both about how costs will be reduced and over what time horizon.

There has to be more market discipline in the health system – "that's why we're enthusiastic about managed competition," he says. But he won't be drawn on whether direct controls, such as a cap on health insurance preminms, are likely. "I'm not going to debate that with you."

How soon will any cost controls take effect? Will we see results, say, by 1995? "I don't know about 1995. I genuinely don't know."

On economic and social policy, Mr Altman seems to enjoy working as part of an extended economic team. But is there a risk of having too many economic cooks? Won't the new National Economic Council run from the White House by Mr Robert Rubin ultimately undermine the Treasury? (By international standards, the Treasury is already weak, controlling neither monetary policy nor the budget.)

He brushes off the question. "It's a co-ordinating mechanism ... It's so snccessful because of Bob Rubin who has a remarkably winning style. Everybody likes working with him."

Mr Altman, it must be said, is just as smooth an operator. If Mr Lloyd Bentsen, his boss, were ever to decide that retirement in Texas looked more attractive than endless wrangles with Congress, his understudy is more than ready to *take centre-stage.*

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not band written. Please set fax for finest resolution

Too early to see effect of Cadbury proposals

From Mr Patrick Mileham.

Sir, A propos your article on the research published in the Corporate Register which covers the "latest innovations of corporate governance", ("Governance changes 'not productive' ", April 22), we at the Institute of Leadership believe it is far too early to see results, commercial or otherwise, that could be the result of the recommeodations of the Cadbury committee.

Cadbury's report referred to "the financial aspects of corporate governance", not competitiveness and profitability. The recommended enhancement of the role of noo-executive directors was to do with their assistance in ensuring the probity of public companies, and nothing more.

True, there has been debate, mainly concerning the large and listed companies, about the usefulness of proactive non-executive directors with regard to their contribution to strategic direction and the high performance of the company on whose board they sit. Up to now, however, it has been unfocused and barely touched the smaller and unlisted companies.

We have just launched a UK-wide research programme in conjunction with the University of Paisley. Its purpose is to investigate the growing ambiguity of the position of non-executive directors and to answer such questions as: can they act equally as effective gamekeepers (probity) and poachers (profitability)? Can they be truly independent? How "unitary" is the board? What selection, training and induction processes can be designed to help non-executives to balance these divergent duties?

We would defer judgment on any financial or other indicators to measure the effectiveness of non-executive directors to some time in the future.

Both the Cadbury committee's report and tha Corporate Register's article only deal with listed companies. Wa believe that research must penetrate the smaller and medium enterprises (SME) as well, where the need for non-executive directors to assist in transforming their companies is even more urgent than in big companies.

The SMEs have been in a much worse state during the recession than the large companies, and it is almost a truism to say that many SMEs have failed precisely for lack of direction from the board.

Patrick Mileham,
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Heseltine's plans for industry fall short

From Mr Simon Haskel and Sir Sigmund Sternberg.

Sir, The general thrust of Michael Heseltine's plans to help British industry as reported by you oo April 26 ("Heseltine's plan 'to help Britain win' ") is to be welcomed. Many of his proposals regarding innovation, exports, one-stop sbops and competitiveness could have been drawn point by point from Labour's own plans for partnership between government and industry.

As such, they are soundly based because these plans resulted from long and detailed discussions betweeo members of the Labour party and industry. Some of these discussions were carried out by the Labour finance and industry group.

Unfortunately Mr Heseltine ignores three important elements called for by industry and essential for success. To be charitable, this may be because he has little influence over his more hide-bound colleagues.

First, education. Industry needs a well-trained and educated workforce to innovate, to export, to be competitive and to manage. Second, capital investment. Britain needs a modern and well-run infrastructure to enable industry to operate effectively and cheaply. Third, finance. The City must allow industry to invest in Mr Heseltine's plans, perhaps at the cost of lower dividends and greater risk.

Simoo Haskel,
chairman,
Sir Sigmund Sternberg,
deputy chairman,
Labour finance & industry group,
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104 Grafton Road,
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Asian Development Bank's success rate

From Mr George V. Liu.

Sir, The article by Victor Mallet about the success rate of Asian Developmeot Bank aid projects ("Many ADB projects 'failed' ", April 20) reported that only 40 per cent of the bank's 28 projects evaluated in 1992 were considered generally successful.

Those projects evaluated represeoted only a sample of completed projects and included several complex projects. In addition most had been approved and completed in the 1980s duriog a pariod of unusual turbulence characterised by the second oil shock, falling non-oil primary commodity prices, and high interest rates.

Overall the bank's record is much better and sbows the picture in reverse. Sixty per cent of a total of 400 projects evaluated so far have been rated as generally successful, with 30 per cent partly successful and 10 per cent unsuccessful. In each case, the bank seems to learn, where possible, how to improve the design, implementation and performance of its development projects, to enable it to better account for the effectiveness of the assistance it provides to its developing members.

Importantly, partly successful projects are not to regarded as "failed" projects, nor is the definition cootroversial. The bank's criteria for deciding into which category a project falls are comprehensive and clear-cut.

More importantly, the bank places great emphasis on learning from the experience of past projects and has developed a widely applauded and effective feed-back system. Guided by these clear objectives, the banks recently put into place additional institutional processes to make its assistance and operations even more efficient.

The bank believes that increased responsiveness to the needs of its developing members, improved relevance of its sector operations and enhanced quality of services – by incorporating the lessons of ongoiog aod completed operations – will, together, significantly raise the quality of projects assisted by the bank.

George V. Liu,
chief information officer,
Asian Development Bank,
Manila,
Philippines

Throwing new light on an old word

From Professor C. Wankel.

Sir, I read with interest the letter from Michael Connors (April 21) on John Diebold's recent talk of "the need for a new word: 'infostructure' ". Connors points out to us the astounding coincidence that he independently crafted this word back in 1992 and cites his use of it "throughout" his 1993 book as evidence. Well this amazing fact can be amplified since by even more amazing coincidence this word has been "independently" crafted by scores of others.

One such amazing coincidence is Karen Levitan's 1987 book Government Infostructures (Greenwood Press). Others include P. Zurkowski's 1984 Integrating America's Infostructure in the Journal of American Society for Information Science and Forest and Woody Horton's 1982 Understanding US Information Policy: the Infostructure Handbook.

Connors also might phone Infostructures Inc. in one of their offices in Rockville or Potomac, Maryland, or in Hallandale, Florida, to talk about this neologism. Of course, it might be cheaper to phone Infostructures Ltd. in Birmingham, England.

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Now for the hard part

WESTERN GOVERNMENTS have reacted with palpable, and understandable, relief to the vote of confidence which Russian voters registered in their president on Sunday. Having invested so much political capital in supporting Boris Yeltsin and his economic policies over the preceding month, they could not fail to be gratified that those long-suffering citizens who voted saw fit to approve of both by a convincing margin. But it is far too early for anyone to breathe easily about the future of Russian reform. On the contrary, the most painful and urgently-needed decisions are yet to come.

It is far from clear how or when President Yeltsin will take them, and whether his government is either inclined or equipped to make them stick. But without decisive action now to curb inflation and stabilise the economy, backed with western aid as promised by foreign and finance ministers from the Group of Seven industrial nations in Tokyo two weeks ago, the danger of a hyper-inflationary collapse is bound to grow stronger by the week.

Mr Yeltsin's essential problem is the struggle with his opponents in the Congress of People's Deputies, which the referendum result has done little to resolve. However strong his popular mandate, the president still has scant prospect of persuading deputies to accept a new constitution that will do them out of a job. If he fails, he may himself set a date for new parliamentary elections. Either way, Russia seems set for several more months of political uncertainty, heightened in the autumn by another election campaign.

It is scarcely a climate in which to expect rational economic policy-making. More likely, on the evidence of pledges to increase wages, pensions and credit to industry made by both president and parliament during the weeks before the referendum, it is a period of pork-barrel promises and intensifying inflationary pressures, something that the Russian economy will be unable to stand for very much longer.

The immediate task is complicated by increasingly obvious divisions on the economy within the government itself. While ministers are unanimous about the need to control inflation, they have been all too ready to sanction the granting of new credits to bankrupt state enterprises. Ostensibly united in their commitment to the market, the president and government have failed to articulate a plausible strategy for getting there or to give the populace a coherent explanation of the choices they face.

If anything, the result of Sunday's referendum has thrown those choices into even starker relief. It showed that President Yeltsin remains the best hope for Russian reform, and that if he chooses to push ahead with policies which will make economic and political change irreversible, he should be able to carry the majority with him.

As important, the campaign exposed the intellectual bankruptcy among Mr Yeltsin's most vocal opponents. They know what they do not like, yet have nothing coherent to put in its place. But the campaign also demonstrated the emergence of a new political class arguing persuasively that talk of a so-called "third way", in which change would somehow be made less painful, is an illusion. In practice, this alternative route will either lead back towards a command economy, or to chaos, or possibly to both at once. Although the president's instincts tell him to seek compromise, he should follow the suggestions of those who understand the choices Russia actually faces.

This is the message western governments should waste no opportunity to convey to Russia's leaders over the next few weeks as they prepare to back their support for Mr Yeltsin with a fresh injection of money. The so-called "systemic transformation facility" which the IMF plans to start disbursing in June, without applying strict conditions, is clear if risky acknowledgement that a politically stable and reforming Russia is a prize well worth striving for. If it works, it will help keep the economy ticking over and contain inflation through what promises to be a turbulent summer. Mr Yeltsin cannot afford to relax.

Ciampi in charge

MR CARLO Azeglio Ciampi, the Bank of Italy governor, appears to be proof that, in Italian politics, the reverse of Gresham's law holds true: good central bankers can drive out bad politicians.

Mr Ciampi's move to the helm of an interim government in Rome supplies final evidence of the bankruptcy of the political establishment. The appointment of the first non-political head of an Italian government since 1848 reflects the Bank of Italy's stature as an institution unsullied by scandal. It also illustrates President Oscar Luigi Scalfaro's failure to find a politician of influence and standing capable of guiding the country to early elections.

Mr Ciampi, who will remain governor for the time being, has achieved an increase in the Bank of Italy's independence. He has persuaded the government to end the central bank's role in deficit financing – presumably saving him from the embarrassment, in his new job, of providing his own government's overdraft.

Mr Ciampi's nomination brings relief to financial markets. But, even in matters of short-term political and economic management, it leaves questions open. Mr Ciampi's persistent criticism of successive governments' free spending has won him esteem. Yet these governments' equally persistent refusal to heed his advice has not enhanced his reputation for getting results. Since 1980, when Mr Ciampi first warned of profligacy, Italy's public debt has grown from 62 to 112 per cent of GDP.

To steer through electoral reforms, and to limit the deficits, Mr Ciampi will need a grip on parliament. A man chosen to be above politics will not be able to avoid descending into the political arena. Mr Ciampi possesses great moral authority; but even during the few months when il Governatore runs the government, this may not be enough.

Pension nerves

THE BRITISH government appears to be losing its nerve over equalising the state pension age. Originally it planned to announce this month that the female pension age would be gradually increased from 60 to 65 to bring women into line with men. Now it looks like the announcement will be delayed until the autumn with legislation postponed until 1994-95.

The reason is that a government anxious to avoid controversy believes a common age of 65 would be unpopular with women. But, unlike other measures being postponed such as post office privatisation, this is not an issue on which there is fundamental uncertainty inside government.

The pension age needs to be equalised to remove discrimination between the sexes. The reason for raising the women's age to 65 rather than cutting the men's to 60 is to put some limits on the expansion of the state's pension expenditure – at £30bn a year already the largest part of the social security budget.

Given that the population over 65 will grow by about a half in the next 40 years, there are already strong upward pressures on pensions spending. Picking a common age of 60 would make this problem even worse, costing taxpayers about £4bn a year. Choosing one of 65, by contrast, would save £4bn.

There are those who accept the need to control costs but would like older people to have greater choice about when they retire. They propose a flexible pension age, under which early retirees would receive a smaller pension than those retiring later. Though attractive in theory, this idea is impractical given that the pension is already below the state poverty line. Anyone trying to live on a reduced pension would find it even harder to make ends meet.

Moreover, since flexible retirement is not identical to a flexible state pension age, there are other ways the government could promote choice even while keeping a fixed pension age. These might include encouraging the private sector to offer more flexible pensions and working arrangements to make it easier for older people to phase in retirement.

There is no good case for delay. Given the government's known views on the matter, the sooner the change is announced, the sooner those affected are able to plan their retirements. Nor should the change be too unpopular if arranged so that no woman currently over 50 would be affected.

In fact, delaying an announcement to avoid controversy would almost certainly be counterproductive. A government that ran away from such a decision this early in the electoral cycle would hardly find it easier to take it when there were only two years or so left before an election. This is a case when prolonging the agony can only make it worse.

Dynamism thrust upon it

The chances of a continued – if sometimes faltering – UK economic recovery are high, writes **Martin Wolf**

"The green shoots of economic spring are appearing once again."
– Norman Lamont, October 9 1991

"All that Britain is waiting for to achieve recovery is the confidence a Conservative victory will bring. So vote Conservative on Thursday and the recovery will continue on Friday."
– John Major, April 7 1992

"We are beginning to see recovery. I think it is self-evident from what businesses are saying."
– John Major, April 22 1993.

Green shoots are sprouting. The frost of the UK's long economic winter is thawing. Naturally, the prime minister and the chancellor of the exchequer are delighted. They even behave as if they were entitled to take credit for this good news. Either they have remarkably short memories or, more likely, they hope the electorate has. Was it not Mr Lamont who argued as recently as August 1992 that devaluation was fool's gold and would lead to higher interest rates, not lower ones?

Fortunately for the economy, the chancellor has so far been wrong, not an unprecedented event. But there is one important person, Mr Jacques Delors, who hopes he was right last August. The president of the European Commission is worried about what would happen to the European Community's move to economic and monetary union if the British wagon were to reach stable non-inflationary growth after uncoupling from the train and taking a siding as well. He must be praying the economy goes into the buffers.

The people of the UK are bound to view matters rather differently. After a peak-to-trough decline of 4 per cent in non-oil gross domestic product and a recession lasting two and a half years, they feel they have earned their relief. Their travails may have been nothing compared to the collapses in central and eastern Europe, but this has been the longest UK recession since the 1930s.

The evidence of recovery is clear. Non-oil GDP was up 0.6 per cent in the first quarter of this year over the last quarter of 1992, according to preliminary estimates; the volume of retail sales rose 1.6 per cent between the same two quarters; manufacturing output was up 1.2 per cent in the three months to February over the preceding three months; car production has reached its highest March level for 19 years; activity in the housing market has increased at last; business confidence has improved; and seasonally adjusted unemployment fell by 52,000 between January and March, a performance that seems too good to be true, but must mean something.

The recession has ended, which is hardly surprising. Over the two years of membership in the European exchange rate mechanism, base rates of interest fell from 15 to 10 per cent. They have fallen by a further 4 percentage points since sterling left the ERM, while tha depreciation of the effective exchange rate has been 15 per cent. Moreover, the yield curve now slopes upward, with the redemption yield on 20-year gilts 2⅓ percentage points above base rate.

The loosening of monetary policy has been superimposed on a relaxation of fiscal policy both long-standing and remarkable. The general government financial balance has moved from a surplus of 1 per cent of GDP in 1988-89 to the deficit of 9 per cent forecast by the Treasury for 1993-94. Moreover, about 4 percentage points of this deterioration is structural, not cyclical, according to the February economic survey of the UK by the Organisation for Economic Co-operation and Development.

Some economies are horn dynamic; some achieve dynamism; and some have dynamism thrust upon them. The British economy of 1993 falls into the third category. But perhaps, like Malvolio, it is being flattered to be deceived.

Mr Michael Portillo, chief secretary to the Treasury, stressed last weekend that Britain is heading for a recovery that would be modest compared with that of the 1980s, though he also hoped it would be better sustained. His view is in line with the latest Treasury forecasts, which are far more cautious than those of a year ago. These are for growth in non-North Sea GDP of 1½ per cent between 1992-93 and 1993-94, followed by 2¼ per cent in 1994-95, 2¾ per cent in 1995-96 and 3 per cent in 1996-97. According to the Treasury, the GDP of 1989-90 would not be regained until 1994-95.

Some forecasters are still more nervous. The February report from the Treasury's panel of independent forecasters included a lowest forecast of 0.2 per ceot for growth between 1992 and this year, followed by a lowest forecast of 1.4 per cent for 1994. Peter Warburton of Robert Fleming (a member of the "Liverpool six" group of economists, who opposed sterling's membership of the ERM, and the most accurate City forecaster of GDP growth in 1992), argues that there will be no growth between 1993 and this year and 1.1 per cent in 1994.

Excellent reasons can be supplied for such caution:

- the hesitant recoveries of debt-laden industrial countries such as Australia and the US;
- the German recession now blighting continental Europe;
- the doubling of UK personal indebtedness in the 1980s and the resultant unwillingness of private individuals to borrow;
- the roughly 1.7m households with negative housing equity;
- the losses of commercial banks and consequent unwillingness to lend;
- the recent sharp reductions in the interest income of the unindebted;
- and the lost incomes of the unemployed, the principal victims of the recession, not to mention the reduced spending of the millions more who fear unemployment.

Many of these sources of weakness are reflected in the low growth of broad money (see chart). Tim Congdon of Lombard Street Research – who has won attention by belabouring his seven fellow Treasury panellists over the role of money in the economy – wrote in the February panel report that "the vary low rate of broad money growth now being recorded, combined with the bleak outlook for the world economy, argues that the current weak revival of demand will not be maintained".

The prime minister and the chancellor even behave as if they were entitled to take credit for the good economic news

Slow monetary growth may not prove that binding a constraint on demand. First, the ratio of hroad money to nominal GDP doubled in the course of the 1980s. But recent declines in the real return on money must have reduced the willingness of people to hold this bloated stock. Any such desire for lower holdings of money is likely to leak into demand. Second, the government can always inject additional monetary stimulus.

Chances of a continued – if sometimes faltering – recovery must be high. If household demand proves inadequate, the government can relax monetary policy, something that declining interest rates in continental Europe should make relatively easy. Indeed the government's problem is more likely to be an excessively strong currency than a weak one.

The benign effects of any normal recovery on unit costs, combined with annual increases in underlying earnings as low as 4½ per cent, should also facilitate recovery, by keeping underlying inflation down, notwithstanding the devaluation. But the fundamental reason why inflation should remain subdued is that ontput is well below its potential, though nobody knows how far below. Estimates vary bugely, with Patrick Minford of Liverpool University (another Treasury panellist) setting the non-inflationary level of unemployment as low as 1m, which is 2m below its current level.

One extreme indication of how far below potential output the economy might be is given by the 2.4 per cent annual growth trend between the cyclical peaks of 1979-80 and 1988-89. Output in these peak years was unsustainable. But if the economy's underlying trend in the last cycle were sustained into the present one, this line, which is 13 per cent above this year's output, ought to be approached before the next downturn. Meanwhile, the OECD estimates that fourth-quarter 1992 GDP was 6.9 per cent below its underlying trend. On either view, the economy ought to be able to grow at some 3 per cent a year for more than a decade.

Long-term success depends, as always, on the wisdom of the government and the flexibility of the labour market

Mr Minford and Mr Congdon argue that with prudent monetary policy tbe economy can sustain such psrformance. Others, like Wynne Godley of Cambridge University (another Treasury panellist) and Bill Martin of Phillips & Drew (a member of the "Liverpool six"), would argue they are deluded, the danger resting with one, or both, of the UK's "twin deficits", but mainly with the external deficit.

Judged by the flow of revenue and expenditure, tbe UK's fiscal position is the worst it has ever been in peacetime. The primary fiscal deficit – the general government borrowing requirement, less interest payments – is 6 per cent of GDP, 2 percentage points higher than in 1974-75 and 1975-76. The present fiscal position simply cannot be sustained for many years.

Economic growth and firm control over public spending are the best ways to cure the fiscal disease. Under the Treasury forecasts, the PSBR falls to 3¼ per cent by 1997-98, while the ratio of net public-sector debt to GDP almost doubles between 1991-92 and 1997-98. This must be about as bad a performance as the governmeot can hope to get away with.

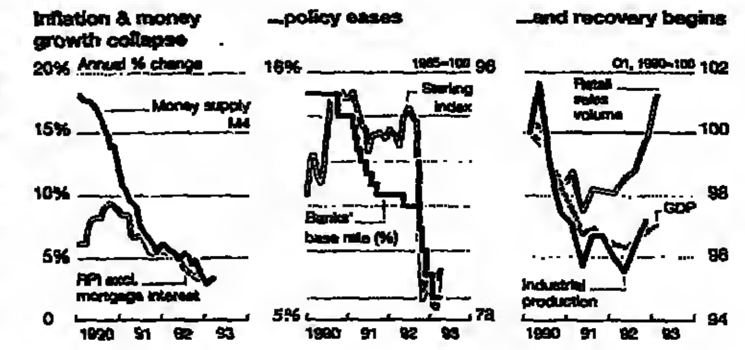
Economic growth will itself help cure the hole in the fiscal accounts. But any recovery led by domestic demand would considerably increase a current account deficit that was already 2 per cent of GDP at the bottom of a deep recession. If the external balance were to deteriorate, there would come a point, many critics fear, when financial markets would panic, sterling would tumble, inflation would soar, the government would be forced to raise interest rates aod – hey, presto – the economy would be back in the stop phase of a severe stop-go cycle, for the fourth time since the early 1970s.

Whether or not there is a "balance of payments constraint" is botb a controversial and a complex question. But some points should be accepted by any cautious policymaker. First, large swings in real exchange rates are disruptive, principally because output of tradable goods and services cannot be switched on and off like a tap. Second, market expectations can be perverse. Less than five years ago, after all, financial markets were trying to push sterling above DM3.30. Third, making the exchange rate the main tool of disinflation is risky, since tbe real appreciation inherent in the policy is certain to distort the economy. For this very reason, the policy may also fail to provide a durable route to low inflation.

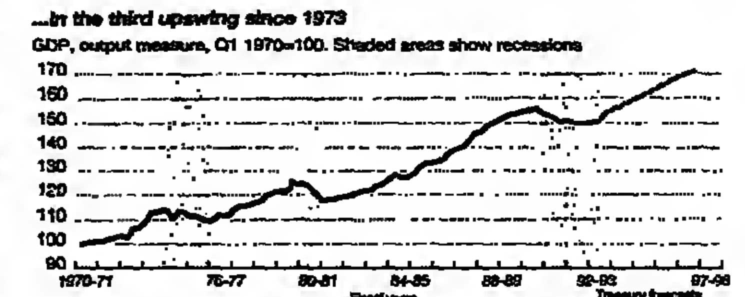
The question is bow far the government can manage either the exchange rate or the external account. The answer is that it can do less than many critics believe. But it is not helpless. It can, for example, buttress the exchange rate with other disinflationary instruments: fiscal tightening is the obvious one right now. It can also both stress and take into account the effects upon the real exchange rate of developments in pay and productivity. A real depreciation entails a lowering of the cost of labour relative to the prices of tradable goods and services. A nominal depreciation implies a rise in the price level relative to wages. The government should therefore at least articulate its inflation target in terms of underlying domestic costs, not consumer prices.

Renewed inflation is what threatens to put an end to growtb. The good news is that underlying inflationary pressure is more subdued than for perhaps a quarter of a century. The bad news is that the economy has become exceptionally unbalanced. Domestic demand-led growth would improve the fiscal position, hut make tbe external position worse. In purest theory, the external account might not matter. In practice, it is all too likely to do so. The structure of the economy needs to change in ways that only export-led growth can bring about. This depends, in turn, on sustaining the increased competitiveness granted by devaluation.

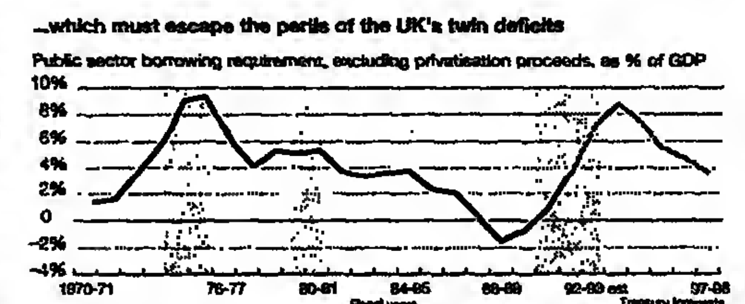
Sustained recovery is feasible. But the chances of long-term success depend, as always, on the wisdom of the government and the flexibility of the labour market. There must be people willing to bet their shirts on what seem to be two long shots. But how many want to risk going shirtless, even in the spring?



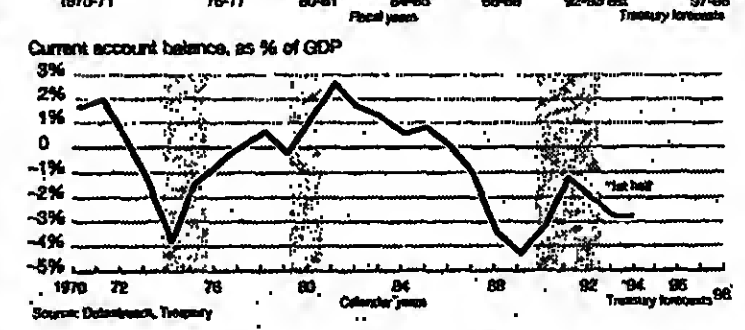
Inflation & money growth collapse ... ...policy eases ... ...and recovery begins



...in the third upswing since 1973
GDP, output measure, Q1 1970=100. Shaded areas show recessions



...which must escape the perils of the UK's twin deficits
Public sector borrowing requirement, excluding privatisation proceeds, as % of GDP



Current account balance, as % of GDP
Source: Datastream, Treasury

OBSERVER

Please excuse the bugs

■ Now that gold bugs, who have had a pretty depressing decade, are apparently dancing to the music of a George Soros investment, who better to turn to for a view of the market than the Costa Rican sisters, Mary Anne and Pamela Aden, that mysterious pair who achieved an extraordinary if eccentric following in the early 1980s.

First making their name by calling the bear market in 1980 when gold was right up at $850 per ounce, the sisters began the Aden Analysis newsletter out of the faintly unlikely location of San Jose. They are now principally remembered for predicting gold at $4,400 by 1986. Barely a squeak has been heard since.

Observer finally tracked down the pair, still in Costa Rica – "it helps not to be distracted by opinion" – and still publishing. "Excuse the hugs" says the April 6 issue – but no, that's just the glitches in the new computer system.

The Adens, Californian-educated hut with a Costa Rican mother, sweetly explain that the gold bug thing is "just a label that stuck". It didn't help that their partner, who, among other things, owned a coin company and from whom they have since split, "really pushed gold a lot", says Mary Anne, who admits to being "very green" when they started.

The sisters profess to have turned bearish of gold in the mid-1980s – "which made a lot of people vary angry". But they have just recently taken a shine to gold again. Now in their mid-40s, their forecast – "as long as gold stays above $340 for a while, it could go to $380 or more" – sounds a little more staid.

Mary Anne says their best record over time has been in foreign exchange. But sadly that seems harder to sell – the newsletter's circulation has shrunk from some 9,000 to 2,000.

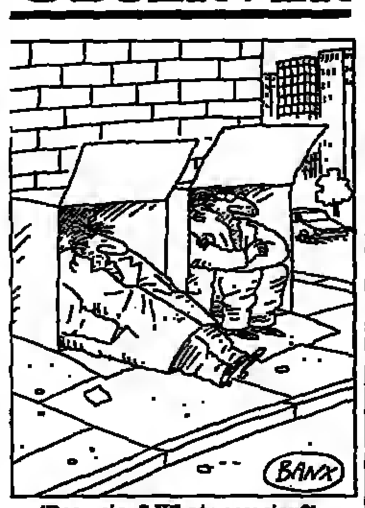
April folly

■ Oh to be in England now that April's here . . . and with it the annual chore of completing tax returns. But it's more than a chore for those who set the tax exams; knives are being sharpened as the two main professional institutes battle for supremacy.

The 7,000-strong (and growing) tax faculty of the Institute of Chartered Accountants in England and Wales is already considering the content of its own tax exam to be introduced as early as 1995. But the Institute of Taxation – whose exam is taken by more than 8,000 practitioners including accountants and lawyers – is peeved.

Both bodies have issued bitter public statements and yesterday the Institute of Taxation let it be known that it would not co-operate on the development of a joint exam with the faculty. "It is essential that we retain our independence and control of our own examination that we have developed to such a high standard," a terse press release warned.

But if the tax faculty goes its own way, and continues to increase its membership, it could still undermine its rival. Expect more taxing times ahead.



'Recession? What recession?'

Tirana vacancy

■ If Giuliano Amato, who last week submitted his resignation, is looking for another job, he might consider the one he turned down in order to become Italy's prime minister: negotiating the restructuring of Albania'a $500m foreign debt.

Now more than a year later, and despite pressure from the World Bank, the Albanian government has still not got round to appointing a negotiator. After Amato bowed out, the post was offered to an international financier few had heard of, Nicolas Arsidi.

It would seem that although Arsidi was paid a $1.6m fee up front, the negotiations never got off the ground. Arsidi is now in prison in France, facing fraud charges.

Albania's foreign debt was racked up during the period of political turmoil which marked the transition to democracy after 45 years of Stalinist self-sufficiency. Amid the confusion, nobody spotted what was going on at the state bank.

A large chunk of debt was run up almost overnight. Making the most of their new screen-based dealing room, Albania's central bankers managed to lose $200m on international currency markets in a hurst of speculation early in 1991.

Standing the heat

■ Busy man, Lord Owen, what with sorting out battling Serbs, Bosnians, Croatians, *et al*, in ths former Yugoslavia.

But not too busy to ignore more personal business closer to home. He has joined tha board of a small magazine publisher, New Crane Publishing; his wife, Debbie Owen, is also on the board.

New Crane Publishing has been set up by Michael Wynn-Jones, husband of one of the UK's most famous TV cooks, Delia Smith. It is quite a cosy set-up; Smith's literary agent, coincidentally, is Debbie Owen.

Wynn-Jones, whose last venture was Lloyd's Log, the now-folded bimonthly magazine, has managed to persuade the hard-nosed bosses of J Sainsbury, the UK retailer, that their customers should have their own monthly glossy magazine.

Imaginatively titled Sainsbury's The Magazine, its first issue appears today.

Among the journalists, photographers and cooks on the board, Lord Owen, for whom Wynn-Jones has big plans, himself "wanted to come on the board", and will contribute his skills "as a negotiator" and to provide "some stability".

Down the hatch

■ Perhaps the City of London is not so unflappable in the face of IRA terrorism after all. An urgent message arrived yesterday from a PR firm hastily rearranging a press conference on May 4.

"Due to bomb damage at the City of London Club over the weekend, we are advising all invitees of a change of venue to a more secure location," it said. The new place? The Gun Room, HMS Belfast.

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Wednesday April 28 1993

Serbs launch attack on Moslems in defiant reply to UN sanctions

By Laura Silber in Belgrade, David White in Brussels and Our Foreign Staff

SERB FORCES yesterday defied the international community by launching an attack in Moslem-held north-western Bosnia just as tough United Nstions sanctions came into force against Belgrade.

Fighting also erupted in other parts of former Yugoslavia, one day after Bosnian Serbs refused to accept an international peace plan signed by rival Moslems and Croats.

About 100 Serb troops backed hy 10 tanks and artillery advanced several miles into the area around the north-western town of Bihac early yesterday, UN forces said.

UN military observers stationed in the Bihac region reported fighting in four locations in the area, where 300,000 people are being supplied with aid hy the UN.

The fighting was sure to anger the international community, which started applying sanctions against the Serbian-led rump Yugoslavia yesterday and is considering limited military action to halt the year-old civil war.

In Belgrade, a map showing the locations of bomb shelters in the city was published by "popular demand" in Vecernje Novosti, the mass circulation daily. Nato chiefs, meeting in Brussels yesterday, focused on a narrowing set of options, ranging from air strikes to the setting up of protected zones.

The top-level committee meeting was attended by General Colin Powell, chairman of the US joint chiefs of staff.

The allies were awaiting an announcement on a possible visit this week by Mr Warren Christopher, the US secretary of state, to European capitals. These were expected to include London, Paris, Bonn, Roma and Moscow.

Mr Christopher, testifying to a senate panel in Washington yesterday, set rigorous criteria for the use of force hy the US. He said the use of force had to meet four tests: the goal would have to be stated clearly to the American people; there must be a strong likelihood the use of force could be successful; there must be an exit strategy; and there had to be a programme that could sustain the support of the American people.

There was a consensus in Brussels that any bombing of military positions or supply lines would involve some degree of alliance involvement;it was made clear that Washington would not obtain backing from allies without specific authority from the UN.

Bosnia conflict, Page 3

VW chief tries to reassure suppliers

By Christopher Parkes in Frankfurt

THE TOP management of Volkswagen yesterday attempted to calm the nerves of important component-makers rattled by the company's plans to slash costs and reduce outside suppliers.

Mr Ferdinand Piëch, head of VW since January, told representatives of 29 companies from the group's home state of Lower Saxony that Volkswagen was ready to help them meet new conditions.

The meeting was called by VW and Mr Gerhard Schröder, the regional prime minister, who is also a senior member of VW's supervisory hoard. It was intended to counter ill-feeling and fears stirred hy the arrival at Europe's largest car maker of Mr José Ignacio Lopez, recently recruited from General Motors in Detroit, and installed as production and procurement director.

It is also a response to private complaints from other German car manufacturers that VW's over-aggressive and highly-publicised approach to cost-cutting was alarming the components industry and damaging confidence when the whole motor industry was struggling to restructure.

Mr Lopez was duhbed "the Rüsselsheim strangler" in recognition of the cost-cutting expertise he demonstrated while head of buying at Adam Opel, GM's German subsidiary.

He told the meeting that processing from raw materials to the end product had to be optimised in order to give tbe customer increased value in terms of quality, service and price. "We can only win together," he added.

VW, whicb dived DM1.25bn ($770m) into the red in the first quarter of this year, after an 87 per cent profits plunge to DM147m in 1992, is planning to reduce suppliers from around 1,500 to 200. At the same time, according to Mr Piëch, parts prices are to be driven as low as possible without pushing suppliers out of business.

The tone at yesterday's meeting was milder than at earlier "consultations" at which Mr Lopez reportedly told his audience that be required "the highest quality, the best service, the lowest prices... and soon".

According to analysts, at least 30 per cent of Germany's 3,000 automotive parts suppliers are threatened by the motor industry's restructuring plans. Most at risk are the 2,900 small and medium-sized companies.

AT&T challenges BT over price of transatlantic calls

By Andrew Adonis in London

AMERICAN Telephone and Telegraph, the largest US telecommunications operator, is challenging British Telecom to agree to more than halve the "wholesale" price of transatlantic phone calls.

The result could be significant tariff reductions for customers.

AT&T's proposal, for a reduction of about 60 per cent in the accounting rates for telecom traffic between the US and the UK, has become a weapon in the battle between the two telecommunications companies over their pending applications to gain direct access to the public network in each other's countries.

Accounting rates are, in effect, the price which BT and Mercury pay AT&T for delivering international calls to their final destination in the US, and vice versa. Rates are set and revised periodically hy the operators under an international agreement.

AT&T has told the Federal Communications Commission, the US telecoms regulator, that BT has already refused its request for an accounting rate cut. BT yesterday insisted it was still under consideration, and that BT would respond next month.

Under strong pressure from the commission, transatlantic accounting rates have heen reduced hy nearly half over the past two years. The latest reductions came into effect on April 1.

AT&T has told the commission that accounting rates could be cut by up to another 60 per cent "as a first step", with further reductions in line with "the continuing pace of technology".

Analysts believe AT&T's proposed rates may be close to the actual cost of delivering a transatlantic call.

Mr Greg Staples, a Washington consultant, said: "If AT&T thinks it can connect transatlantic calls from Florida to Montana for half the current charge, it's up to BT to show why it cannot reach London and Manchester for the same fee."

So far operators have had a mutual interest in keeping accounting rates high, although the higher number of calls originating in the US has led to large payments from AT&T to BT.

But in the current battle over access to each other's markets, both companies are portraying themselves to the regulatory authorities as firm friends of open competition and lower prices.

AT&T's argument for lower accounting rates is made in a petition to the FCC opposing BT's application for access to the US's public network.

BT argues that granting it a US licence would enhance transatlantic competition and "exert a downward pressure on international accounting and end-user rates worldwide".

AT&T's response is that BT is ohstructing lower accounting rates, and that allowing BT to engage in private line resale – which avoids the accounting rate system entirely – would give BT "an added incentive to keep accounting rates high".

A decision on the various licence applications is not expected for several months, and will almost certainly depend upon an inter-governmental agreement on the future regulation of non-domestic operators in the two countries.

Beijing lobby ousts Jardine from HK chamber's board

By Simon Holberton in Hong Kong

A MILESTONE in Hong Kong's return to China was passed last night when Jardine Matheson, the British trading company, was thrown off the board of the Hong Kong General Chamber of Commerce.

Election victories hy pro-Beijing businessmen left the board evenly split between supporters and opponents of Mr Chris Patten, the colony's governor.

Mr Martin Barrow, a senior executive of Jardine Pacific, Jardine's core trading, distribution and construction arm, stood for re-election and was defeated in a battle organised in part by the Xinhua news agency, Beijing's unofficial embassy in Hong Kong.

This is the first time since the chamber, tbe colony's leading business association, was founded in 1861 that a representative of Jardine has not sat on the board.

Beijing has gained control of Hong Kong's other main business associations. Bnt the chamher has so far refused to come out against Mr Patten and has withdrawn its support from the Business and Professionals Federation which last November made a strong attack on the governor.

Governor Patten: vote setback

In all, six seats on the 24-person board, vacated by rotation, were contested in a secret ballot. Five pro-Beijing businessmen were elected while one incumbent, Mr Simon Lee, was re-elected.

Among the successful candidates were Mr Chan Wing Kee, a textile manufacturer who is also a Hong Kong deputy to the National People's Congress, China's ruhher-stamp parliament, and Mr Ye Longfei, a Shanghai government official on long-term secondment to Arthur Andersen, the international accountancy firm.

The campaign Beijing mounted to gain control of the chamber's board reflects the seriousness with which China takes the Legislative Council (Legco), Hong Kong's lawmaking hody. The chamher elects one of the 60 members of Legco, a position currently held by Mr Jimmy McGregor, an outspoken supporter of Mr Patten.

After last night's vote, Mr McGregor said: "I interpret this vote as a turning point. The pro-China group within the chamber backed hy those of like interest have made a very suhstantial dent in the chamber's system."

Over the past month or so, Xinhua officials hava visited some of the chamber's higger corporate group members – who have multiple memberships and therefore votes – and presented executives with China's preferred ticket.

Business people have been told that there is no distinction in China's eyes between business and politics; some said they had no choice hut to support China's candidates.

Congress threatens to end EBRD funds

Continued from Page 1

capital suhscription, however, and said the US was insisting on restructuring of the EBRD's budget process; much tighter oversight; and outside auditing.

Foreign aid remains one of the least popular areas of the budget in the US Congress. Members warn that it remains politically impossible to reduce aid to Israel and Egypt, which receive the lion's share of the US aid budget, but Congress is warning that $1.8bn needs to be found somewhere to fund the US's recent promise of new bilateral aid at the Tokyo G7 meeting. The administration has not said where it wants the money to come from.

Mr Leahy said he might not support the administration's request for $1.25bn this year for the International Development Association, a third of the US's contribution to the tenth replenishment of this concessional loan arm of the World Bank.

Mr Bentsen argued, however, that the money was essentially the same in real terms as the last contribution, negotiated in 1986. "It represents less than the cost of one movie admission for each American," Mr Bentsen said.

● Mr Attali said yesterday that the bank would increase its private-sector investment. He pledged to reinforce budgetary controls and introduce greater transparency.

He said he had considered resigning eight months ago, feeling that the pressures of building the institution were too great, but was dissuaded by friends.

Andreotti faces probe

Continued from Page 1

Reviglio, his predecessor as chairman between 1983-89, was notified by magistrates that he was under investigation for allegedly receiving illicit funds. The news triggered Mr Reviglio's resignation as finance minister in the former Amato government.

Mr Cagliari has been detained since March 9 on allegations of corruption and illegally funding political parties.

World Weather

City		°C	°F
Ajaccio	[illegible]	[illegible]	[illegible]
Algiers	[illegible]	[illegible]	[illegible]
Amsterdam	[illegible]	[illegible]	[illegible]
Athens	[illegible]	[illegible]	[illegible]
Bahrain	[illegible]	[illegible]	[illegible]
Bangkok	[illegible]	[illegible]	[illegible]
Barcelona	[illegible]	[illegible]	[illegible]
Beijing	[illegible]	[illegible]	[illegible]
Beirut	[illegible]	[illegible]	[illegible]
Belfast	[illegible]	[illegible]	[illegible]
Belgrade	[illegible]	[illegible]	[illegible]
Berlin	[illegible]	[illegible]	[illegible]
Bermuda	[illegible]	[illegible]	[illegible]
Bombay	[illegible]	[illegible]	[illegible]
Bordeaux	[illegible]	[illegible]	[illegible]
Boulogne	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	[illegible]
Budapest	[illegible]	[illegible]	[illegible]
Buenos Aires	[illegible]	[illegible]	[illegible]
Cairo	[illegible]	[illegible]	[illegible]
Cape Town	[illegible]	[illegible]	[illegible]
Caracas	[illegible]	[illegible]	[illegible]
Casablanca	[illegible]	[illegible]	[illegible]
Chicago †	[illegible]	[illegible]	[illegible]
Cologne	[illegible]	[illegible]	[illegible]
Copenhagen	[illegible]	[illegible]	[illegible]
Corfu	[illegible]	[illegible]	[illegible]
Dallas †	[illegible]	[illegible]	[illegible]
Dublin	[illegible]	[illegible]	[illegible]
Dubrovnik	[illegible]	[illegible]	[illegible]
Edinburgh	[illegible]	[illegible]	[illegible]
Faro	[illegible]	[illegible]	[illegible]
Florence	[illegible]	[illegible]	[illegible]
Frankfurt	[illegible]	[illegible]	[illegible]
Geneva	[illegible]	[illegible]	[illegible]
Gibraltar	[illegible]	[illegible]	[illegible]
Glasgow	[illegible]	[illegible]	[illegible]
Helsinki	[illegible]	[illegible]	[illegible]
Hong Kong	[illegible]	[illegible]	[illegible]
Innsbruck	[illegible]	[illegible]	[illegible]
Istanbul	[illegible]	[illegible]	[illegible]
Jakarta	[illegible]	[illegible]	[illegible]
Johannesburg	[illegible]	[illegible]	[illegible]
Lisbon	[illegible]	[illegible]	[illegible]
London	[illegible]	[illegible]	[illegible]
Los Angeles †	[illegible]	[illegible]	[illegible]
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Madeira	[illegible]	[illegible]	[illegible]
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Majorca	[illegible]	[illegible]	[illegible]
Malaga	[illegible]	[illegible]	[illegible]
Malta	[illegible]	[illegible]	[illegible]
Manila	[illegible]	[illegible]	[illegible]
Melbourne	[illegible]	[illegible]	[illegible]
Mexico City	[illegible]	[illegible]	[illegible]
Miami †	[illegible]	[illegible]	[illegible]
Milan	[illegible]	[illegible]	[illegible]
Montreal †	[illegible]	[illegible]	[illegible]
Moscow	[illegible]	[illegible]	[illegible]
Munich	[illegible]	[illegible]	[illegible]
Nairobi	[illegible]	[illegible]	[illegible]
Naples	[illegible]	[illegible]	[illegible]
Nassau	[illegible]	[illegible]	[illegible]
New Delhi	[illegible]	[illegible]	[illegible]
New York †	[illegible]	[illegible]	[illegible]
Nice	[illegible]	[illegible]	[illegible]
Nicosia	[illegible]	[illegible]	[illegible]
Oporto	[illegible]	[illegible]	[illegible]
Oslo	[illegible]	[illegible]	[illegible]
Paris	[illegible]	[illegible]	[illegible]
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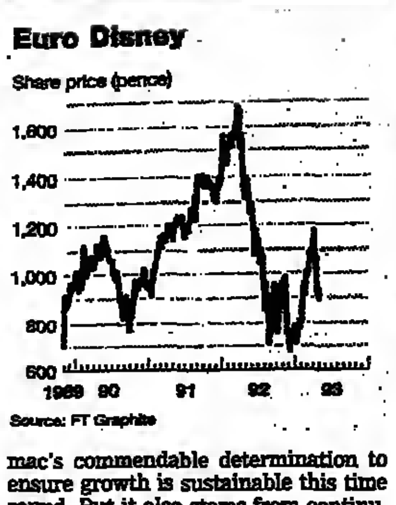
Reykjavik	[illegible]	[illegible]	[illegible]
Rhodes	[illegible]	[illegible]	[illegible]
Rio de Janeiro †	[illegible]	[illegible]	[illegible]
Rome	[illegible]	[illegible]	[illegible]
Salzburg	[illegible]	[illegible]	[illegible]
S'Francisco †	[illegible]	[illegible]	[illegible]
Seoul	[illegible]	[illegible]	[illegible]
Singapore	[illegible]	[illegible]	[illegible]
Stockholm	[illegible]	[illegible]	[illegible]
Strasbourg	[illegible]	[illegible]	[illegible]
Sydney	[illegible]	[illegible]	[illegible]
Taipei	[illegible]	[illegible]	[illegible]
Tangier	[illegible]	[illegible]	[illegible]
Tel Aviv	[illegible]	[illegible]	[illegible]
Tenerife	[illegible]	[illegible]	[illegible]
Tokyo	[illegible]	[illegible]	[illegible]
Toronto †	[illegible]	[illegible]	[illegible]
Tunis	[illegible]	[illegible]	[illegible]
Valencia	[illegible]	[illegible]	[illegible]
Venice	[illegible]	[illegible]	[illegible]
Vienna	[illegible]	[illegible]	[illegible]
Warsaw	[illegible]	[illegible]	[illegible]
Washington †	[illegible]	[illegible]	[illegible]
Zurich	[illegible]	[illegible]	[illegible]

Temperatures at midday yesterday
† Noon GMT temperatures
C-Cloudy Dr-Drizzle
F-Fair Fg-Fog H-Hail
R-Rain S-Sunny
Sl-Sleet Sn-Snow
T-Thunder

THE LEX COLUMN

A measure of confidence

FT-SE Index: 2832.7 (+10.4)



To some extent economic recovery was always a matter of confidence. The latest CBI survey suggests the trick might be working. The leap in business optimism was the greatest for a decade. Not surprisingly that translates into expectations of increased orders and output over the next four months. One has to assume that these hopes will be – more or less – fulfilled. With the government busy talking the economy up ahead of the Newbury by-election, though, it is all the more necessary to guard against overlooking the weaknesses that are also apparent from the survey.

There is no sign of restocking, while the balance of respondents reported that domestic deliveries actually fell in the first four months of the year. One would not expect a rush to invest when 63 per cent of manufacturers are still working below capacity. That more companies expect to cut rather than increase capital spending is also food for thought, given the temporary capital allowances introduced in last year's autumn statement and the cash-flow benefits many can expect from the changes to the ACT rules.

That leaves a recovery dependent on consumer demand and exports, backed up admittedly by some striking improvements in productivity. That question is whether these will be enough to secure UK competitiveness if sterling continues to rise and continental demand falls. The CBI thinks exports would start to suffer if sterling rose much above DM2.60. Then the government would face a dilemma. It has come out against further cuts in interest rates, but intervention to hold sterling down would simply aggravate the PSBR funding problem.

Tarmac

In the space of five years, Tarmac has swung from a restated pre-tax profit of more than £400m into a £350m loss. Battered shareholders must be hoping for an equally drastic reversal of misfortune as recovery takes hold. But despite the cyclical nature of its markets, Tarmac will find it far harder climbing back up the cliff than falling off it.

The trouble is that Tarmac's balance sheet is still out of kilter with the state of its market. After exhibiting an unhappy knack of sinking money into falling markets a few years ago, Tarmac is now applying the reverse skill of withdrawing working capital from the rising housebuilding market. This lack of aggression partly reflects Tarmac's commendable determination to ensure growth is sustainable this time round. But it also stems from continuing financial constraints. Despite a £147m disposal programme, Tarmac ended the year with £577.1m of debt. Cash will remain frightfully tight even though another £150m should be realised from disposals this year.

Tarmac is probably right to believe that its steady restructuring progress will bear fruit in the medium term. That, though, hardly represents a ringing reason to buy the shares at present, especially given the dull outlook for its quarry and contracting businesses. Short term attention is likely to focus on nimbler housebuilders. Significantly, Bryant Group became just the latest of these to tap the stock market yesterday for expansion funds.

Sears

Sears, it seems, cannot kick its addiction to extraordinary items. Unlike Tarmac and its torrent of red ink, Sears has not yet summoned the will to embrace fully Professor Tweedie's reforms. As well as taking losses below the line Sears showed a £14.6m profit on property disposals which would have been a loss of £5.2m on the new basis. Some £4.8m of provisions against the housebuilding business were also released – reducing the interest line – while a further £28m of extraordinary costs were taken against its closure. This effectively increases reported profits by almost £5m and is disappointing in a company which argues that old habits are on the way out. About the best that can be said is that 1991-92 was worse, with larger property gains and interest reductions.

Tricks of the accounting light to one side, the new management is making some progress with operations. British Shoe has perked up as better retailing discipline is applied to stocks, product ranges and relationships with suppliers. There is more margin improvement to come and a revamp of the well-worn shoe shops is promised for 1994.

Yet there were setbacks elsewhere. The newly-acquired Dutch mail order business made a loss, as did Olympus. Shoes and womenswear are doing well from the upturn, but mail order, sportswear and Adams children's clothes are struggling in tough markets. Those holding on for the recovery must hope that Sears' reputation for being asset-rich but accident-prone goes the way of extraordinary losses.

Euro Disney

Even Goofy could see that Euro Disney needs more funding. Over the full year to the end of March, its cash outflow from operations amounted to FFr600m, before the capital spending required to keep the Magic Kingdom in shape. With FFr20bn debt outstanding Euro Disney cannot easily go back to the banks for more. Additional guarantees from Fairy Godmother, in the form of Walt Disney, might help. But Euro Disney already has shareholder approval for up to FFr5bn convertible or warrant bonds, so an equity-related issue cannot be ruled out. The 4 per cent fall in the shares yesterday shows investors do not relish the prospect.

Funding for the second phase of the project – due to open in 1996 and likely to cost FFr8bn – has not even been addressed. There must be a temptation to put expansion plans on ice until the first phase is profitable. But yesterday's results suggest Euro Disney would benefit from a grander scale. While the number of visitors during the winter was encouraging, tourists are spending too little and hotel occupancy was low. A bigger theme park would help spread fixed costs and encourage overnight stays.

While the existing business is losing money, though, Euro Disney will have its work cut out persuading investors to suspend their disbelief. With recession looming in Germany and France – and devaluations discouraging visitors from the UK, Italy and Spain – simply keeping the turnstiles turning will be challenging enough.

هكذا من الأصل

FINANCIAL TIMES

COMPANIES & MARKETS

Wednesday April 28 1993

INSIDE

CS Holding feels weight of provisions

Net income at CS Holding, the financial services group which includes Credit Suisse, rose by 5 per cent to SFr1.03bn ($726m). This follows heavy provisions on Swiss lending, while a fall in net income at CS First Boston, the group's 63 per cent owned investment bank, took their toll. Page 18

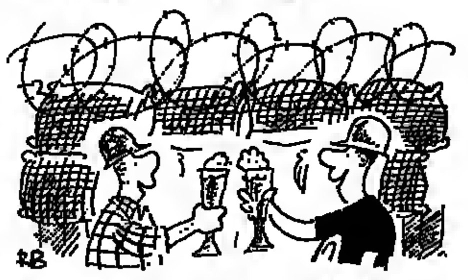
Piper bid flies into storm

A bid for Piper, the last US manufacturer of "little planes", by Pilatus, the Swiss aircraft manufacturer, is fuelling controversy. Pilatus has been accused of selling aircraft to Burma, knowing they would be equipped with weapons, and is to to deliver SF250m ($176m) worth of training aircraft to South Africa. Page 20

ITT up 27% despite costs

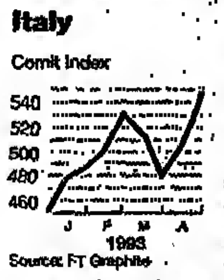
Income at ITT, the US conglomerate, rose 27 per cent thanks to sharply better performances at its finance, automotive and hotels businesses. The improvement came despite $41m of extraordinary catastrophe losses at its ITT Hartford insurance subsidiary, due to a winter storm and the February bombing of New York's World Trade Center. Page 19

BP takes no chances



BP's hopes for improving its fortunes lie behind khaki-clad figures manning machine guns and rows of razor-wire. To frustrate attacks by guerrillas, oil rigs in the Colombian Andes are heavily guarded. Mr Phil Mead, operations manager, says, "it's very frustrating for our people that they can't just go out to a bar". Page 28

Political optimism boosts Milan



Source: FT Graphite

Milan was ahead in heavy trading but fell back from the day's highs as the market awaited confirmation that prime minister designate Carlo Ciampi would be able to form a government. The Comit index finished 5.99 ahead at 547.25. Mr Fabio Ferrando of Albertini in Milan said: "The performance of tha market speaks for itself in terms of what investors think of the appointment." Back Page

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Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Bil & Berger	997.5	+	19.5
Falls			
Berliner Bank	265	−	8
Continental AG	194.1	−	7.4
GEHE	387.5	−	7.7
Porsche	491	−	19
Varta	281	−	6
NEW YORK ($)			
Rises			
Citicorp	26⅞	+	1⅛
Delta Air Lines	57¾	+	1⅜
Intel	91¼	+	3⅝
Owens-Corning	39¼	+	1⅜
Pfizer	67¼	+	3⅛
Falls			
Xerox	74¾	−	3
PARIS (FFr)			
Rises			
Docks de Frnce	486.5	+	11.5
Elf Aquitaine	374	+	14.1
Schneider	858	+	14
UAP	550	+	15
Falls			
BIC	1051	−	26
Havas	441.4	−	12.6
TOKYO (Yen)			
Rises			
Anritsu	1150	+	90
Brother Inds	530	+	44
Hitachi Sales	515	+	40
Mitsubishi Steel	717	+	49
Toshiba Sil Tbe	423	+	47
Falls			
Daiko Denshi Ts	1350	−	140

New York prices at 12:30.

LONDON (Pence)			
Rises			
Cannon St Invs	11½	+	1¼
Corp Services	18½	+	2½
First Nat Fin	71	+	5
Gibbs Mew	235	+	17
Grampian TV A	186	+	12
Indl Control	137	+	11
Moss Bros	174	+	6
Norex	164	+	20
Ratners	24¼	+	3¼
Savage	77	+	6
Stnd Platform	43	+	8
Tarmac	141	+	8
Tinsley Robor	20	+	3
Travis Perkins	218	+	13
VSEL Consrtm	685	+	30
Falls			
Billam (J)	279	−	19
Comm Union	593	−	15
Euro Disney	885	−	38
Herring Baker	62	−	9
Regalian Props	28	−	2¼
S & U	277	−	37
SelecTV	20	−	2½
Tiphook	293	−	22
Utd Biscuits	418	−	10

Four airlines move towards integration

By Christopher Brown-Humes in Stockholm and Paul Betts in London

FOUR medium-sized European airlines – Scandinavian Airlines System, KLM Royal Dutch Airlines, Swissair and Austrian Airlines – yesterday moved closer to integration by announcing plans to set up a jointly-owned company with a single management and balance sheet by next year.

The proposal would result in SAS, KLM and Swissair each holding 30 per cent of the new company and Austrian Airlines 10 per cent. The airlines are seeking to become a "fourth force" in the deregulated European market alongside the big three – British Airways, Air France and Lufthansa of Germany.

Their combined operations would employ more than 70,000 employees and carry about 36m passengers a year, turning it into Europe's largest airline group.

The venture reflects the trend towards consolidation in the European airline industry in response to greater liberalisation and globalisation of the international airline market.

Pressure has mounted on the four carriers to establish close alliances to strengthen their competitive position as larger European rivals expand their global reach through co-operation agreements and equity investments in other carriers.

BA recently acquired a 24.6 per cent stake in USAir and a 25 per cent stake in Qantas, the Australian carrier, while Lufthansa is negotiating a co-operation agreement with American Airlines.

SAS said the four airlines wanted to establish "a profitable, global airline" with an integrated traffic system based on a multi-hub European network, including Amsterdam, Copenhagen, Geneva, Oslo, Stockholm, Vienna and Zurich.

The Scandinavian carrier said the proposal, which emerged after a two-month study, would now be considered by managements and owners of the four airlines. The target was to sign a memorandum of understanding, by late June and to establish a management company by next year.

The four airlines would initially retain their identities, although they might also share a common branding. The head office of the new company would be in Amsterdam, Copenhagen, Vienna or Zurich.

An SAS official said the proposal would not necessarily lead to a full merger for various practical and political reasons.

Northern Telecom earnings slide 29%

By Bernard Simon in Toronto

NORTHERN TELECOM, the Canadian telecommunications equipment maker, is banking on higher capital spending by US regional telephone companies and continuing strong demand from Asia and Latin America to reverse a 29 per ceot slide in first-quarter earnings.

First-quarter earnings dipped to US$75.9m, or 30 cents a common share, from $104.2m, or 41 cents a share, a year earlier. Revenues edged to $1.94bn from $1.90bn.

Northern warned last month that its first-qnarter performance wonld be significantly dented by sagging sales of high-margin software. In addition, the company has lifted outlays on research and development, and spent heavily oo a joint venture with Matra, the French electronics gronp.

Mr Jean Monty, who took over as chief execntive earlier this year from Dr Paul Stern, declined to forecast 1993 earnings, beyond saying he expects the second half to be stronger than the first. Bnt he said growth in earnings needs to be balanced against other, longer-term measures of performanre, such as the need to maintain market share, customer service and the launch of new prodncts.

The main disappointment in the first quarter was the US market. Capital spending by regional phone companies, which are Northern's biggest US customers, has stagnated. But Mr Monty said growth in the number of lines connected to their networks pointed to higher outlays later in the year.

The first-quarter performance was also hurt by the weakness of sterling, which dented dollar-denominated revennes from Europe.

Mr Monty said his priorities since taking over as CEO have included cost containment and efforts to improve the effectiveness of Northern's R&D effort. R&D spending climbed 12 per cent in the first qnarter to $227m.

He singled out opportunities in the fast-growing wireless market, and said Northern expected to announce a new wireless venture in the UK within the next few days. He declined to provide further details.

Northern's share price rose C$1 to C$44.13 on the Toronto stock exchange yesterday morning following the release of its results.

Deborah Hargreaves on rapid growth opportunities in the global energy market

Gas companies break their traditional mould

ENRON, the US gas transit company, unveils one of the world's largest gas-fired combined heat and power station on Teesside in the UK at a total cost of £895m ($1.3bn). British Gas engineers from Liverpool lay pipes to connect the sleepy town of Kelbra in the foothills of the Harz mountains to the east German gas grid using technology developed in the UK.

Both projects are evidence of the growing trend among gas companies to break out of the traditional confines of their domestic markets and extend their global reach. "We are moving into a new era of gas and you will see the growth of the gas majors in a similar way to the development of the oil industry in the 1950s," said Mr Ken Lay, chairman of Enron.

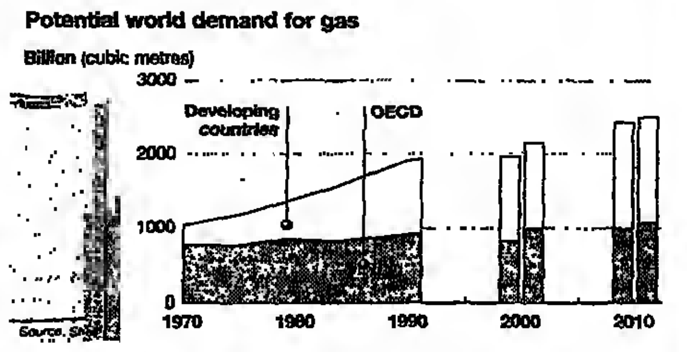
Mr Lay has ambitious plans for Enron to be one of the first truly global gas companies, but he faces intense competition from British Gas and other European energy companies such as Spain's Gas Natural and Belgium's Tractebel.

But Mr Jonathan Stern, analyst at Gas Strategies, a consulting group, believes that since the gas business is so capital intensive, companies will be financially constrained from developing a worldwide network in the way the oil industry has done.

"It will become a regional business and is already becoming dominated by about 20 companies with strong local bases which are expanding into specific markets overseas," he said.

Gas Natural, for example, is looking to expand into overseas Spanish-speaking markets and focusing on opportunities created by the wave of privatisation in South America.

Gas companies' global ambitions rest on the back of a growing trend towards de-regulation and privatisation in the world energy business, accompanied by expectations of huge growth in gas demand within 20 years.



"The worldwide gas market is expanding fast and it offers a unique opportunity for huge growth to some of the companies that are getting involved now," said Mr Simon Blakey, gas analyst at Cambridge Energy Research Associates.

Gas is becoming more attractive as an alternative to coal and oil because of its environmental advantages – it is much cleaner to burn – and its price is competitive. In a cautious estimate for the growth in global gas demand by 2010, Royal Dutch/Shell group puts consumption at 2,500bn cubic metres from the current level of 2,000bn cubic metres.

The rapid growth in gas demand poses a huge challenge for the energy industry. In a recent speech, Mr Roland Williams, gas and coal co-ordinator for the Shell group, estimated that the cost of finding, producing and transporting new gas to the main markets over the next 20 years will be between $800bn and $1,100bn.

The oil companies have so far stuck mainly to gas exploration and production, resisting involvement in distribution or power generation, which could prove the more lucrative market sectors. Gas is not a globally-traded commodity in the way oil is, and gas companies will have to develop the expertise to operate differently in different parts of the world. Gas distribution is an area where companies such as British Gas, which has rapidly developed its own domestic markets, can offer technology and know-how with the financial muscle to invest in developing transit networks.

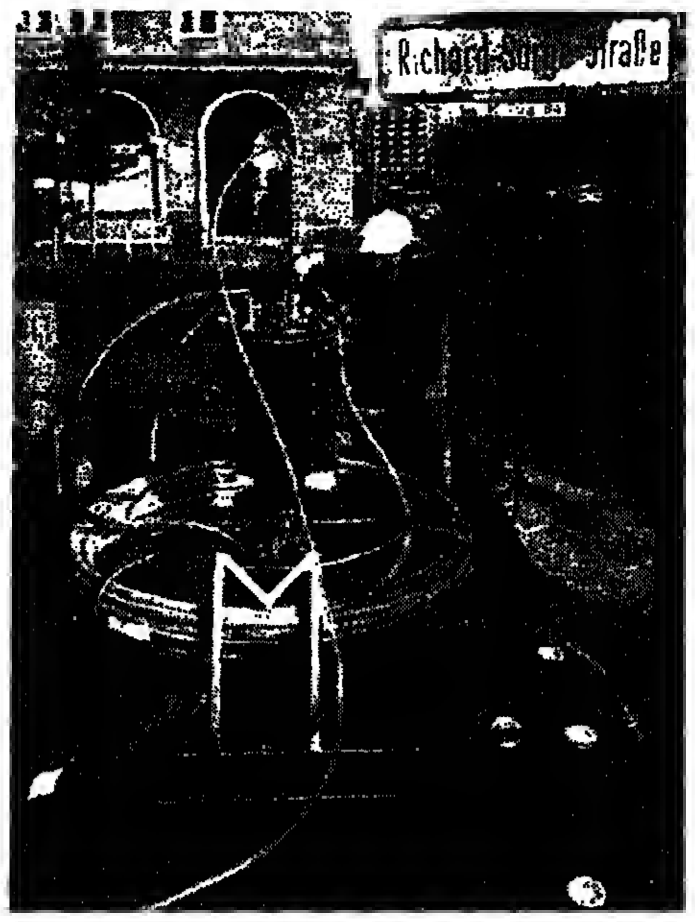
"We have expertise in all parts of the gas chain and we want to grow in all directions, but our real knowledge is in developing gas markets," said Mr Rossell Herbert, director of British Gas's Global Gas business.

This has seen British Gas tapping into potentially lucrative markets overseas. The company is active in 45 countries. But competition is intense – European gas companies fear their market monopolies may be broken up by the EC and many are looking to diversify overseas.

These new markets offer great growth potential, but bring with them a bigger risk of regulatory interference than exists in gas exploration and production. Countries privatising their utilities have often looked to the UK for a model and here, British Gas has suffered at the hands of the regulator. However, established gas companies such as British Gas, Gaz de France and Ruhrgas have great marketing expertise they can offer countries developing their gas businesses. Technology usually means they can offer cost savings in running a market and they also have the cash to invest in large scale projects.

Gas distribution companies are also moving into oil exploration. British Gas is currently involved in negotiations to develop the giant Karachaganak field in Kazakhstan, which would double its existing gas reserves.

Germany's two main gas companies, Ruhrgas and Wintershall, are looking to buy into exploration acreage in the North Sea.



Sign of the times: John Hiles of British Gas restores pipes in Berlin

British Gas's need to expand is driven by more pressing concerns: its UK market is being actively eroded by regulators and government. The company is under investigation by the Monopolies and Mergers Commission, which could lead to substantial changes in its UK business.

The UK regulator has already warned the company that it will not be able to finance expansion overseas by raising prices in the UK.

The next 10 years, however, should see the transformation of the gas business from the current domestically-focused supply chains into a much more global industry.

Euro Disney seeks more cash after FFr1.08bn halfway loss

By Alice Rawsthorn in Paris

EURO Disney, the leisure group which this month celebrated the first birthday of the EuroDisneyland theme park near Paris, yesterday announced that it lost FFr1.08bn ($203m) in the first half of this year and that it was trying to secure new capital.

The group, which is already in discussions with its banks to try to restructure its FFr20bn debt, said it needed new funds to alleviate the impact of "anticipated losses" and to prevent its working capital requirements from having an "adverse effect on the cash and financial position".

Euro Disney confirmed that it had begun negotiations over the recapitalisation with Disney, the US entertainment group which is its 49 per cent shareholder.

However it said the refinancing plan was at "a very preliminary stage" and that it could not comment on sources of new capital, nor on the amount required.

The group has failed to meet its financial targets since EuroDisneyland opened last spring.

The park is expected to have attracted 11m visitors by the end of this month, making it France's second most popular tourist attraction after Notre-Dame cathedral.

But income from hotels, catering and merchandising has fallen below expectations.

The winter period, which falls in the first half of the financial year, was always expected to be the most difficult time for the park, but the outcome was worse than expected. EuroDisneyland attracted 3.3m visitors during the first half when hotel occupancy reached 37 per cent.

Euro Disney received FFr1.79bn in revenue during the six months to March 31 (comparisons with the previous year are invalid because the park was not open) but incurred FFr1.32bn of operating costs and FFr1.72bn of administrative expenses.

The group, which is trying to improve its performance through local promotions and more flexible pricing, said it expected to boost attendance and hotel occupancy in the second half.

However, it said it was still on course for "a substantial loss" in the full financial year.

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Tarmac losses soar to £350m

By Andrew Taylor, Construction Correspondent

TARMAC, Britain's biggest building materials and construction group, lost more than £1m for each working day last year, company figures published yesterday show.

These revealed that the group incurred a £350.3m ($539m) pre-tax loss in 1992, the largest ever by a British construction company. It compared with a £21m pre-tax profit the previous year.

The loss was struck after provisions of £372m. Of this £217m was against housing and commercial property operations. Tarmac said it will withdraw totally from speculative property developmeot in the next two years.

It plans to reduce the number of UK homes it builds this year from 8,266 to between 7,000 and 7,500 – reducing capital employed in housing by a further £100m. Five years ago it built more than 11,000 homes annually.

Provisions last year inclnded £64.3m for reorganisation costs as the group has cut the size of its business in a bid to reduce large borrowings. The group had cut almost 10,000 jobs during the past two years, leaving it with a labour force of 25,000.

Mr Neville Simms said the restructuring launched after he was appointed chief executive 14 months ago was almost complete.

The company's capacity to produce drystone, concrete blocks, ready-mix concrete, bricks and black top for road building and repairs had been cut by between 5 per cent and 36 per cent.

Mr Simms said that dramatic changes had resulted in dramatic costs but the worst was over and there were signs of recovery in parts of the UK and US.

The group proposed to maintain its interim dividend at 2.5p making a same-again total for the year of 5.5p. Tarmac shares rose 8p to close at 141p.

Two divisions out of six incurred a loss last year. The others reported lower operating profits. US operations incurred a loss of $6m (compared with an $11.8m loss in 1991); building materials a £2.9m loss (1991 profit £1.4m). Househuilding profits before interest and exceptional items fell from £56.4m to £38.6m; contracting profits fell from £39.7m to £22.7m; quarry products fell from £42.8m to £29.6m; industrial products profits dropped from £12.5m to £4.8m.

The group said net debt, excluding off-balance sheet and auction market prefered stock would have fallen £58m but for sterling's collapse, which added more than £100m to its mostly US dollar denominated debt.

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Provisions restrict rise at CS Holding to 5%

By Richard Waters in London and Ian Rodger in Zurich

NET INCOME at CS Holding, the financial services group which includes Credit Suisse among its operations, rose by just 5 per cent to SFr1.03bn (*$726m*) *last year.*

This follows heavy provisions on *Swiss lending* and a fall in net income at CS First Boston, the group's 63 per cent owned investment bank.

However, Mr Rainer Gut, chairman, said the first quarter of this year had been "very, very good" in Switzerland, with cash flow up by 20 per cent compared with the same period last year.

Provisions of SFr1.52m at Credit Suisse, announced last month, accounted for the bulk of the group's SFr1.77bn of provisions and write-downs. Provisions would reach almost the same level this year, said Mr Josef Ackermann, president of the executive board.

Volksbank said its first quarter result clearly surpassed that of the same period in 1992 *and exceeded targets. Its assets* fell to SFr44.95bn at the end of March from SFr46.01bn at the end of December, reflecting the transfer of its international branches' assets to Credit Suisse.

CS First Boston reported net income of $176m, down from $216m the previous year, as its tax charge jumped by $51m to $101m. The 1991 figures had benefited from tax losses carried forward from previous years, said Mr John Hennessy, chief executive of the investment bank.

Revenues at CS First Boston rose by $214m to $1.82bn, as investment banking contributed $868m, up from $703m in 1991. Return on equity fell to 18.7 per cent from 31.3 per cent.

Mr Gut *said the* group had decided to drop a plan, *announced* two years *ago,* to sell up to 20 per cent of Credit Suisse to *raise* additional capital. Instead, it is launching an American Depositary Receipt programme this week in the US to encourage investors there "to participate in future capital increases".

● Union Bank of Switzerland, the country's largest bank, said its first quarter cash flow was well above previous year levels at both parent company and group levels, with a strong contribution from units abroad. No figures were given.

Akzo blames fibres for decline

By Ronald van der Krol in Amsterdam

A SHARP decline in earnings from fibre operations caused net profits at Akzo, the Dutch chemicals group, to fall by 23 per cent to Fl 157.9m ($87.7m) in the first quarter of 1993.

The company blamed the downturn on lower sales and selling prices for textile and industrial fibres in Europe, a trend that first became apparent in the second half of 1992.

Operating profit in fibres plummeted by 79 per cent to Fl 14m from Fl66m in the first quarter of 1992.

Another factor behind the profit decline was an extraordinary *loss of Fl* 13m due *mainly* to Akzo's transfer of a 51 per cent stake in its European carbon fibre business to Toho Rayon.

However, Akzo said the first quarter results, excluding extraordinaries, represented an improvement of Fl 43m over the final quarter of 1992.

Pharmaceuticals, which in recent years has been the main force behind Akzo's profit growth, reported virtually unchanged operating results of Fl 129m, reflecting what the *company described as disappointing* earnings in Germany.

In coatings, results fell by 14 per cent to Fl 24m. Chemicals earnings totalled Fl 121m compared with Fl 123m. Overall, net sales fell by 3.8 per cent to Fl 4.23bn, of which about *half* was due to lower sales by volume.

Sears lifted by restructuring

By Maggie Urry in London

SEARS, the UK retail group, was reaping the benefits of its restructuring, Mr Liam Strong, chief executive since February last year, said yesterday.

The group, whose retail brands include Selfridges and Freemans, recorded a 2.8 per cent *rise in pre-tax* profits to £83.5m ($128.6m) in the year to January 31, after exceptional costs of £31.5m, down from £32.5m.

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Deutsche Aerospace takes 51% stake in Fokker

By Ronald van de Krol in The Hague

DEUTSCHE Aerospace yesterday signed a contract giving it a 51 per cent stake in Dutch aeroplane builder Fokker, ending negotiations which lasted more than a year and touched off an industrial policy debate in the Netherlands.

The only hurdle to German-Dutch co-operation in aircraft building is the European Commission, whose official reaction to the transaction is expected in mid-May. "We are quite *hopeful* that it *will be positive,*" said Mr Jürgen Schrempp, president of Dasa.

Dasa, part of the Daimler-Benz group, is taking a 51 per cent stake in a new holding company which will own Fokker's shares. This will be done through the purchase of new *shares* and the *acquisition* of most of the Dutch state's 32 per cent *stake*. The *government*, Dasa's main negotiating partner, will keep a small holding for a three-year transition.

Court rules against Gehe bid for OCP

By David Buchan in Paris

THE complex takeover battle *for Office Commerciale* Pharmaceutique, France's biggest drug wholesaler, took a another twist yesterday when a Paris appeal court ruled against the bid by Gehe, the German drugs wholesaler. This appears to leave the field open for a Franco-American counterbid launched on Monday.

The court took exception to the agreement made between Gehe and Mr Jean-Pierre Duché, who in spite of being recently ousted as nominal head of OCP controls two companies – SGP and Eurosanté – which effectively run OCP's distribution system in France and abroad.

The agreement stipulated *that if Gehe got more than 50* per cent of OCP, it would also get 75 per cent of the shares in these two companies.

The court said this arrangement unfairly predetermined the outcome of the takeover bid for *OCP. Gehe* could not be reached for comment on what *its next step* might be. But the court ruling appears to leave the field free to the counterbid launched by Co-operation Pharmaceutique Francaise (Cooper), Bergen Brunswig of the US, the Bourély family and *the drug laboratories of such* French companies as Rhône Poulenc and Sanofi.

The Cooper-led group has offered FFr 865 a share, compared with the FFr800 originally offered by Gehe, for shares not only in OCP, but also in SGP and Eurosanté.

These latter companies were set up as a defence against *hostile takeovers* by *Mr Duché* under a peculiarly French system known as *sociétés en commandite*. In which the shareholders virtually surrender their rights to managers who in return assume unlimited liability for the company.

The Cooper *bid for OCP* may itself face legal problems because it is *conditional* on the Cooper group getting 75 per cent of SGP and Eurosanté.

SE Banken beats off investor revolt

By Hugh Carnegy in Stockholm

THE BOARD of Skandinaviska *Enskilda Banken*, Sweden's largest bank, last night *brushed aside* an *attempt* by small investors to call *directors to* account for last year's heavy losses by marshalling the support of institutional and other large shareholders, including the Wallenberg family.

A call by Aktiesparama, the 65,000-member national *shareholders'* association, for a postponement at SE Banken's annual general meeting of a usually *routine* item discharging the board of any liability in respect of the bank's 1992 activities was easily defeated when representatives of several large shareholders cast their votes against the move. The item was then passed.

The large shareholders included the Knut and Alice Wallenberg Foundation, which holds 5.43 per cent of SE Banken, and Investor, the main Wallenberg investment vehicle which owns 1.72 per cent.

Among institutional shareholders *voting against* Aktiesparama's call were the SPP, Trygg-Hansa and Skandia life insurance concerns. *Little* more than half of the small shareholders among the 1,500 present at the meeting supported the postponement call.

The shareholders' *association* wanted a board shake-up following last year's catastrophic results, when SE Banken returned *operating* losses of SKr5.37bn ($705m) and reported loan *losses* of SKr10.9bn largely due to exposure to Sweden's *recession-hit* property market.

The association, which last week forced the board at Volvo to reveal details of executive salaries for the first *time*, argued that large shareholders in Sweden *have not* exerted sufficient control over the running of companies.

Mr Björn Svedberg, the chief *executive appointed* last September, told shareholders the bank's operations had shown an upturn this year – first quarter results are due on May 12 – but repeated earlier warnings of more high lending losses this year and next.

He said discussions with the government on a capital restructuring package for the bank were continuing.

Norsk Data shares to be delisted in Oslo

By Karen Fossli in Oslo

SHARES in Norsk Data, the Norwegian computer service group, will be delisted from the Oslo bourse from May 3. The main reason behind the move *is that* the group's share capital has been wiped out, the bourse said.

At the end of December, Norsk Data had negative equity, including deferred taxes, of NKr474m ($71.6m). Bourse *officials* also said *an* out-of-court financial restructuring of Norsk Data, agreed with Den norske *Bank* and Fokus Bank, two of Norway's top three commercial banks and the group's main creditors, was behind the decision.

Under the restructuring, Norsk Data will pay a cash dividend of 25 per cent of what is *owed to unsecured creditors*. DnB and Fokus agreed to refinance Norsk Data's outstanding debt of NKr600m, of which NKr300m is in German bearer bonds. A share issue is to be undertaken by partly converting debt to equity.

● The six-year crisis in Norway's *banking sector is set to* continue, although it is no longer acute, according to Mr Finn Hvistendahl, chief executive of Den norske Bank, Norway's biggest bank.

Mr Hvistendahl made the remarks at the annual meeting of the Norwegian Banks Association, the lobbying arm of the commercial banks of which he was *yesterday* elected *chairman* for a second term.

He challenged the government to end competitive distortion in Norway's bank sector by dismantling annual state subsidies of an estimated NKr5bn, given in the form of subsidised interest rates to non-commercial state banks.

Mr Hvistendahl also called on the government to create conditions which would allow the commercial banks to be reprivatised. Over the past six years, the state has injected more than NKr27bn into the banks to rescue *them* from insolvency.

This has resulted in the state acquiring Christiania Bank and Fokus Bank, the country's second and third biggest commercial banks, and increasing its stake in DnB to 70 per cent from 55 per cent. Over the last two years of crisis, the commercial banks have been *forced* to reduce their balance sheets by by 15 per cent and the number of branches by 40 per cent. This has meant cost reductions of 30 per cent since 1988.

Sandoz raises sales 2.5% in quarter to SFr4.12bn

By Ian Rodger in Zurich

SANDOZ, the Basle-based pharmaceutical and chemicals group, said sales in the first quarter of 1993 were up 2.5 per cent to SFr4.21bn ($2.97bn).

Mr Marc Moret, chairman, said he was confident about the outlook for the year, in spite of the unfavourable economic climate in Europe.

"I can already state that we will be able to look back on a good year. So far, we are well within the framework of budgets set last September, and I can see no reason for any change in the next *few* months," Mr Moret said at the group's annual press conference.

Mr Rolf Schweizer, vice-president, said all divisions except seeds achieved sales gains in the first quarter, and the 1.4 per cent decline in seeds sales was due to a disposal.

Mr *Max* Link, head of the group's pharmaceutical division, said first-quarter sales in Germany and Italy had both fallen by more than 10 per cent as a result of government-imposed price restrictions.

Sandoz executives were confident that they could overcome *increasing* government pressure on drug prices in both the US and Europe with a *steady stream of new and innovative* products.

Swiss telecoms group tumbles to SFr46m loss

By Ian Rodger

ASCOM, the Swiss telecommunications equipment group, tumbled into a SFr46m ($32m) loss *last* year and the directors are recommending that the dividend *be passed*. Last year it paid SFr70 on the bearer shares.

News of the loss, which contradicted earlier indications from the group that its 1992 profit would be 50 per cent lower than the previous year's, sent its shares sliding yesterday. The bearer shares closed down SFr180 at SFr1,380.

The group, which *has* been striving to develop a competitive *international presence in* anticipation of the liberalisation of Swiss telecoms markets, said in a statement that the unexpected loss arose following a special examination of some of its activities which led to inventory write-downs.

It cited its cable television *activities in Germany and its* private mobile radio business. It said it had also streamlined its product range to cut costs and invested in new market development.

The statement said that the group's strategy of concentrating on the growth area of corporate networks was beginning to produce results. Total revenues rose *9* per cent to SFr3.37bn last year and orders received were up 10 per cent to SFr3.2bn.

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ITT improves 27% in spite of catastrophe loss

By Martin Dickson in New York

ITT, the US cooglomerate, yesterday reported a 27 per cent rise in first-quarter net income, thanks to sharply better performances at its finance, automotive and hotels businesses.

The improvement came in spite of $41m of extraordinary catastrophe losses at its ITT Hartford insurance subsidiary, due to a severe winter storm and the February bombing of New York's World Trade Center, aod a drop in after-tax portfolio gains at Hartford and ITT Financial to $42m from $84m.

Net income totalled $175m, or $1.30 a share fully diluted, compared with net income of $138m, or $1, lo the same period of last year, excluding accounting changes. Sales were static at $5.1bn.

The figures were at the upper end of analysts' expectations and ITT shares rose $2¼ in morning trading on the New York stock exchange to stand at $80¾.

ITT Financial, which was the subject of a $612m fourth-quarter after-tax restructuring charge, reported income of $67m, up from $32m, due to lower loss provisions and borrowing costs.

The automotive business saw income rise to $32m from $19m, following "cost improvement actions," while the Sheraton Hotels group transformed a $16m loss into $18m of profits, helped by "higher occupancy and rates, particularly in the renovated New York city properties and significantly lower overhead expenses".

ITT Hartford reported income of $156m, down from $168m, though excluding portfolio gains and extraordinary losses the business had improved operating results.

Bethlehem Steel sees upturn

By Martin Dickson in New York

BETHLEHEM Steel, the second largest integrated steal company in the US, announced a $41m first-quarter oet loss, while Nucor, the largest US mini-mill group, reported a 33 per cent rise in net earnings to $21.7m.

The US steal industry has been suffering from a cyclical downturn in prices and demand, though some of the more nimble, low-cost mini-mill manufacturers, notably Nucor, have avoided the heavy losses suffered by the large, integrated companies.

Bethlehem expects to return to profitability this year.

Mr Curtis Barnette, chairman, said there were encouraging signs of "an increase in steel demand and the restoration of fair value for our products." There had been a significant increase in orders.

Its net loss was 54 cents a share, compared with a loss of $36m, or 55 cents, last time, excluding changes in accounting practice. Sales totalled $1.02bn ($995m).

Nucor's earnings, lower than most forecasts, were 50 cents a share, up from 38 cents. Sales totalled $189m, against $388m.

RWE hopes to maintain dividend

By Quentin Peel in Essen

RWE, the German energy-based industrial combine, increased turnover by 2.5 per cent to almost DM40bn ($25bn) in the first nine months of its financial year, and hopes to maintain both profits and dividend for the full year.

Mr Friedhelm Gieske, chief executive, said that poor results in chemicals and oil refining, and in its printing machinery subsidiaries, had been offset by good results from construction, and stable figures from energy, mining and raw materials.

RWE, a former electrical utility and coal-mining operation, had an annual turnover of DM52bn last year and is the fifth largest industrial group in Germany.

The company last year paid a dividend of DM12 per share, with group earnings of DM1.04bn.

Mr Gieske said Consol, the US mining company jointly owned with Du Pont, was negotiating to buy Island Creek, a coking coal producer owned by Occidental Petroleum.

He revealed that the rights issue launched by RWE last month – the second largest in German financial history – raised DM1.64bn, contributing DM1.62bn to the group casb balances after deducting costs.

Mr Gieske said the money would be used to replenish group liquidity after a string of acquisitions in recent years, and to help finance an investment programme in east Germany. It would also help to repay bank debts of Vista, its US chemicals subsidiary, and provide DM450m for Hochtief, the construction subsidiary.

The RWE chief used the occasion to restate his company's commitment to nuclear energy as a component in Germany's power generation, saying it was essential to ensuring competitive energy costs for the German economy.

He rejected any suggestion that Germany should buy cheaper electricity supplies from France or eastern Europe – generated from nuclear power stations – while refusing to build any more such facilities itself.

He confirmed that RWE would ask the European Commission for exemption from EC competition regulations in its mooopoly power-supply contracts with local authorities in Germany.

Shake-up limits Xerox

By Martin Dickson

A change in the organisation of Xerox's US salesforce disrupted first-quarter sales and helped hold back revenue growth and profits, the document processing company reported yesterday.

Xerox reported net inrome of $189m, or $1.77 a share, against a loss of $529m, or $5.68, in the same period of last year when it took accounting charges.

Income from the core document processing business was $125m, or $1.12, against $103m, or 91 cents, last year, while revenues were unchanged at $3.3bn. The results were helped by a one-time $17m Brazilian tax benefit, and pre-tax profits on the document processing side were essentially unchanged.

The company said lower equipment sales and weakness in the Japanese economy, which bit profits of Fuji Xerox, had been offset by continued expense control, including 800 job cuts in the first quarter.

Document processing revenues grew 2 per cent, excluding currency factors, with new digital products showing growth of 34 per cent. But reveoues from black and white copiers were down 2 per cent.

US recovery puts Mobil in profit

By Alan Friedman in New York

MOBIL, the big US energy group, yesterday reported a first-quarter 1993 net profit of $490m, or $1.19 a share, against a loss of $319m last time, following accounting charges.

With last year's accounting charges stripped out, the year-on-year comparison shows first-quarter earnings more than doubled this year, from $277m a year ago.

Reveoues were $15bn, a decrease of 1 per cent year-on-year.

Mr Allen Murray, chairman, said while there was sluggish economic growth to Europe, the US economy had picked up and US gas prices recovered to more traditional winter levels. He said Mobil continued to focus on restructuring cfforts aod reported that operating expenses were down year-on-year in the US.

Exploration and production earnings were $433m, up from $175m a year ago.

US operating earnings for exploration and productioo were $117m while non-US earnings were $316m.

Marketing and refining earnings were $134m, an increase of $82m year-on-year.

Chemical division earnings were $21m, against $10m a year ago. Worldwide capital and exploratioo expenditures for the first quarter of 1993 were $815m, or 10 per cent lower than last year.

● Chevron, the fourth-biggest US energy group, also reported buoyant first-quarter results.

Net income was $501m, or $1.54 per share, up 47 per cent on the previous year's quarterly income before special accounting charges.

Total revenues were $9.8bn, compared with $9.7bn a year ago. Capital and exploration spending was $778m io the quarter, down from $1.08bo a year ago.

Procter ahead in third term

By Nikki Tait

PROCTER & GAMBLE, the large consumer products company, announced ao 6.9 per cent increase in after-tax profits for the three months to end-March, at $516m.

P&G, which has made an unchanged $1.53bn after-tax in the first nine months, said the third-quarter increase reflected lower costs and good volume growth.

Fully-diluted earnings per share for the quarter were 67 cents against 62 ceots but sales fell by 1.8 per cent to $7.35bn.

PepsiCo buoyed by strong domestic sales

By Nikki Tait in New York

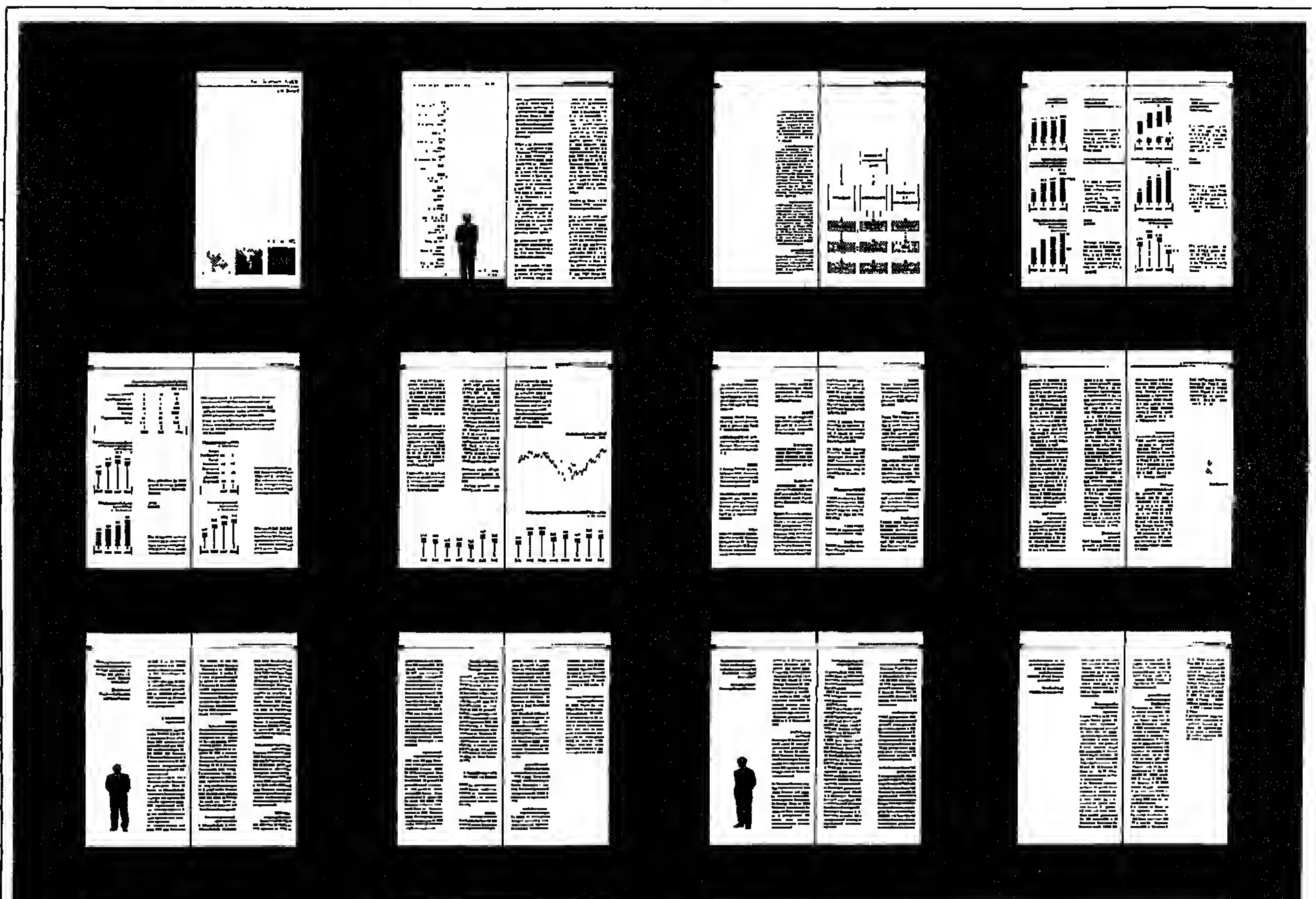
PEPSICO, the soft drinks, restaurants, and snacks group, yesterday reported after-tax profits of $260.4m in the 12 weeks to March 20, the first quarter of its financial year.

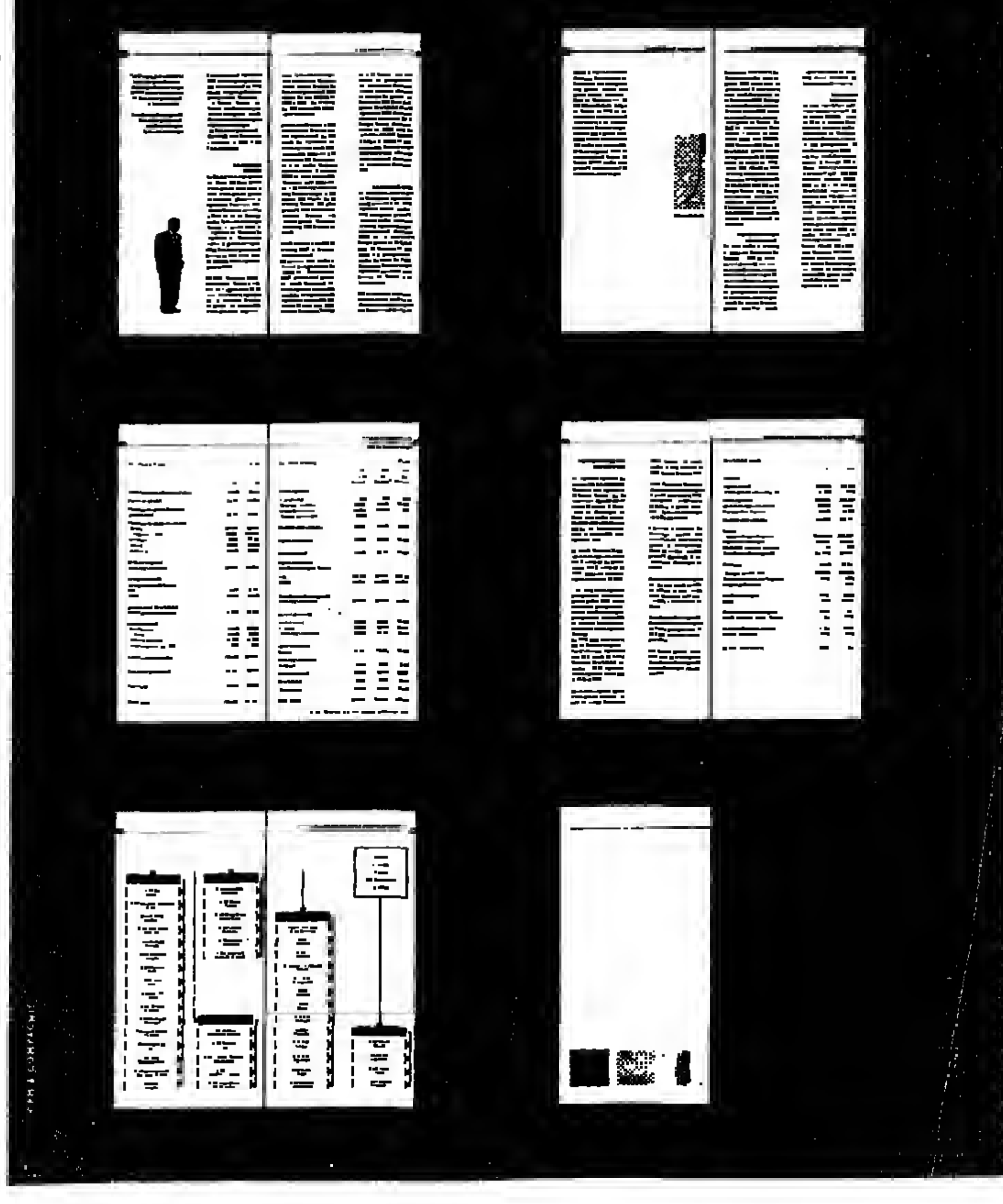
Ahead of accounting-related charges, this reflected an 11 per cent improvement on the same period of 1992.

Sales were up 13 per cent at $5.09bn, while earnlogs per share advanced 10 per cent to 32 cents a share.

PepsiCo said domestic business did particularly well, with profits rising 23 per cent – the strongest growth it has seen in nine quarters.

On the international front, progress was held hack hy weak economies in the UK and Australia and unfavourable currency movements.





R. J. Reynolds enters cigarette price war in US

By Nikki Tait in New York

R. J. REYNOLDS, the domestic US tobacco arm of the R. J. R. Nabisco food and cigarettes group, is to match the large price cuts in full-priced cigarette brands that Philip Morris, its big rival, announced this month.

Reynolds said it would slash the price of its Winston brand by $4 a carton, or 40 cents a packet. It would also increase promotion of its Camel brand, although it declined to be more specific.

"Frankly, we'd like to stay light on our feet," Reynolds said.

The Reynolds cuts will apply to June only, and no other brands will participate. The company said it would reassess the position in late June.

Winston is one of Reynolds's flagship brands and the one which competes most closely with Philip Morris's Marlboro. Camel is also a non-menthol, full-priced brand, although its total US market share, at about 4.1 per cent last year, was smaller than Winston's, taking close to 7 per cent.

Philip Morris's decision to reduce the price of Marlboro, the best-selling US cigarette brand, by 40 cents a packet (from about $2.10-$2.20 to $1.70-$1.80), sent the cigarette market into turmoil earlier this month.

Reynolds, which has almost 29 per cent of the US cigarette market, against Philip Morris's 43 per cent, said it intended to remain competitive, but had not previously detailed its response.

Sears Canada sees profits after first-term improvement

By Robert Gibbens in Montreal

SEARS Canada, one of the country's biggest retailers, predicts a return to profitability this year after posting its worst loss for 40 years in 1992.

The first-quarter loss was C$21.8m (US$17.4m) or 23 cents a share, a 40 per cent improvement on the loss of C$35.6m, or 42 cents, a year earlier. Sales slipped slightly to C$772m.

Last year, Sears Canada, in which Sears, Roebuck of the US is the largest shareholder, restructured and laid off several thousand workers. It operates 109 stores across Canada, and its national catalogue sales business.

● Biochem Pharma, the main Canadian associate of Glaxo Holdings, the UK pharmaceuticals group, posted a loss of C$13.1m, or 32 cents, for the year ended January 31 after special items, against profits of C$12.6m, or 37 cents, a year earlier.

Swiss group attempts to call the tune at Piper

Ian Rodger and Nikki Tait report on a controversial suitor for the US producer of light aircraft

AT 10am tomorrow, a gaggle of lawyers will convene in a Miami bankruptcy courtroom. At stake will be the future of one of the best-known, although sadly-blemished, names in US civil aviation: Piper Aircraft Corporation.

For months, bidders have been sniffing around Piper, the last manufacturer of "little planes" in the US. But a firm offer has now arrived from Pilatus, a Swiss aircraft manufacturer and part of the Zurich-based Oerlikon-Bührle weapons and engineering group.

Unfortunately, Pilatus could prove a controversial suitor; its chief executive, Mr Walter Gubler, was sacked last month after Swiss press reports that the company had sold aeroplanes to the Burmese government, knowing they would be equipped with weapons.

Pilatus also has a commercially important, but politically-contentious, agreement to deliver SFr250m ($176m) worth of training aircraft to the South African Ministry of Defence.

Shortly after the order was announced last December, the South African committee of the United Nations Security Council complained to the Swiss government that it violated the UN embargo on arms shipments to South Africa. The African National Congress also opposed the sale.

Such touchy background issues might prove valuable ammunition should other suitors wish to start a bid battle.

An auction is, at least, a possibility. Piper's lawyers are asking the court to set up a bidding procedure, and claim two potential rival suitors will attend tomorrow's hearing. One of these, according to Mr Paul Singerman, Piper's attorney, has said it will raise the South African issue should it proceed with an offer.

The rationale for the Swiss interest is fairly straightforward. Pilatus makes small single-engine turbo-prop aircraft.

Two models – the PC-6 and the Islander (made by the company's Britten-Norman subsidiary in the UK) – are mainly for civil uses, while the PC-7 and the PC-9 are mainly for training fighter pilots.

However, the Islander is sometimes used in a defence role, equipped with radar. The PC-7s and PC-9s have also been "misused" as bombers; aside from the Burmese affair, there have been reports of Pilatus aircraft figuring in conflicts in other countries, including Iraq and Angola.


Piper Navajo: the company is the last US maker of small aircraft

Today, according to Pilatus, about 60 per cent of revenues comes from training aircraft, the rest from civil aircraft and maintenance work for third parties. The company had sales of more than SFr250m last year and a first-half operating profit of SFr22m against a loss the previous year.

However, in the late 1980s, the Swiss company decided it wanted a greater presence in the civil aircraft market. So it developed the PC-12, which aimed to undercut existing models in the small corporate aircraft market, especially in the US. The PC-12 – powered, like the PC-7 and PC-9, by Pratt & Whitney engines made in Montreal – is expected to win certification by the end of the year. That is why the company is suddenly in a hurry to set up a US base.

Pilatus says it would carry out final assembly of the PC-12 at Piper in Florida; indeed, its offer claims manufacturing work to be done by Piper for Pilatus would add $24m to the former's value. In the meantime, it is investigating three other US tie-ups for partial assemblies, some of which would augment work done at Piper, some of which would provide alternative manufacturing capacity.

Mr Oskar Bründler, finance director, says the advantages of the Piper acquisition are the obvious ones: getting an existing product line, a worldwide sales and distribution network, and a famous name.

Piper, meanwhile, has being looking for a saviour for years, having been shunted between different owners since the Piper family bowed out in the 1970s.

Rescue efforts have been derailed by the product liability problem. Aircraft accidents have resulted in millions of dollars of legal claims, and driven insurance liability premiums sky-high.

This issue alone explains why most other manufacturers of "little planes" in the US, including Cessna, have quit the market.

Piper held lengthy negotiations with Aérospatiale in 1991 but the French aircraft manufacturer never proceeded with a deal, because of the product liability issue. Shortly afterwards, in July, Piper filed for Chapter 11 protection.

Since then, rumoured suitors for Piper have included a couple of investment consortia, which wanted to transfer manufacturing to Canada, and another involving relocation to an Indian reservation in New Mexico. In all cases, the relocations were designed to ameliorate the liability problem.

The Pilatus plan takes a different tack – a portion of Piper's assets, including part of the $20m which Pilatus would pay in cash, would be set aside to meet potential claims. Pilatus would then acquire the other assets "free and clear" of all product liability claims.

In US bankruptcy terms, this is not an entirely novel suggestion. But it could help to make Piper more attractive. The company can also boast an improvement on the operating front: having virtually ceased production at the time of the bankruptcy filing, it delivered 85 aircraft last year. There was a small $7m operating profit on sales of $47m. A shadow of its former glory, perhaps, but progress none the less.

Boeing setback underlines aviation downturn

By Martin Dickson in New York

BOEING, the world's biggest aircraft manufacturer, underscored the recession in the global aerospace industry by reporting a 23 per cent drop in first-quarter earnings to $325m, or 96 cents a share, on sales of $6.64bn, compared with $420m, or $1.23, on sales of $7.97bn in the same period of last year.

The figures were in line with analysts' expectations of about $1 a share.

Boeing said the drop was due to lower sales of commercial aircraft and defence and space equipment. It delivered 93 commercial aircraft during the quarter, compared with 124 in the same period of 1992.

Commercial aircraft sales dropped to $5.50bn from $6.54bn, while defence and space sales dipped to $1.01bn from $1.29bn.

Mr Frank Shrontz, chairman, said second-quarter sales were expected to be higher due mainly to the timing of commercial jet deliveries, but second-half sales would be lower than the first half, reflecting reductions in commercial production rates.

For the full year, Boeing projected sales of about $26bn, down from $30.2bn last year.

USX lifts net income to $50m

USX Corporation, the US steel and energy group, raised net income to $50m on sales of $4.28bn for the first three months of 1993, compared with profits of $4m on sales of $4.11bn a year earlier, excluding the effect of accounting changes, writes Karen Zagor in New York. Operating income rose to $163m in the latest quarter from $137m.

USX-US Steel, the Pittsburgh-based steel company, saw net income of $13m, or 18 cents, in the quarter, against an underlying net loss of $20m, or 41 cents, a year earlier, excluding accounting changes. Sales were flat at $1.2bn.

Prices for electricity accounted for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 26.04.93: Pool purchase price £/MWh	Final Prices for Trading on 21.04.93: Pool purchase price £/MWh	Final Prices for Trading on 21.04.93: Pool selling price £/MWh
0030	18.52	17.55	17.55
0100	18.49	17.54	17.54
0130	18.88	18.16	18.16
0200	35.00	20.49	23.69
0230	36.00	28.00	31.49
0300	36.00	28.00	31.46
0330	20.64	21.04	24.23
0400	25.52	21.04	24.25
0430	15.70	18.14	18.14
0500	18.54	17.84	17.84
0530	18.50	18.10	18.10
0600	16.50	18.10	18.10
0630	18.79	18.79	18.79
0700	24.54	23.29	26.80
0730	28.39	24.71	28.02
0800	32.30	28.11	31.55
0830	25.43	28.11	31.50
0900	35.63	28.11	31.48
0930	26.84	28.11	31.48
1000	26.81	27.01	30.34
1030	28.47	27.01	30.35
1100	28.44	27.01	30.35
1130	26.79	28.11	31.48
1200	28.56	28.12	31.48
1230	28.46	28.11	31.48
1300	28.32	27.01	30.32
1330	26.29	26.07	29.32
1400	26.26	26.07	29.32
1430	25.32	24.71	27.92
1500	25.32	24.71	27.91
1530	25.00	24.71	27.92
1600	25.34	24.71	27.93
1630	29.55	24.71	27.92
1700	35.07	24.71	27.91
1730	35.05	26.53	28.77
1800	35.02	25.53	28.80
1830	25.31	23.72	26.96
1900	25.31	23.34	26.57
1930	24.55	23.34	26.57
2000	19.00	28.00	31.37
2030	19.00	28.63	31.98
2100	34.13	28.68	31.87
2130	36.90	28.63	32.01
2200	36.90	23.34	26.59
2230	24.56	22.85	25.87
2300	24.55	21.91	25.13
2330	24.32	18.10	18.10
2400	19.00	18.03	18.03

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.90/MWh becomes 1.890p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which governs the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by NGC Settlements Limited. Anyone wishing to receive such information should telephone 0602-465789 between 8:30am and 5:15pm Monday to Friday.

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INTERNATIONAL COMPANIES AND FINANCE

Shareholders in Petrofina deny stake sale plan

By Andrew Hill in Brussels

PETROFINA'S two largest shareholders yesterday made clear they were not planning to sell their stakes in the Belgian oil and gas company, and would work together to encourage the group's development.

Mr Albert Frère, Petrofina chairman and head of Groupe Bruxelles Lambert, the Belgian holding company which controls a 21.5 per cent stake in the company, said he wanted to "cut short" speculation surrounding Petrofina.

That speculation has centred on a 4.9 per cent stake in Petrofina built up by Elf Aquitaine, the French state-controlled oil company. Elf's presence has buoyed the Petrofina share price with rumours of a possible takeover. But Elf repeated in a statement yesterday that its holding was "a financial investment, which was neither unfriendly nor hostile in character".

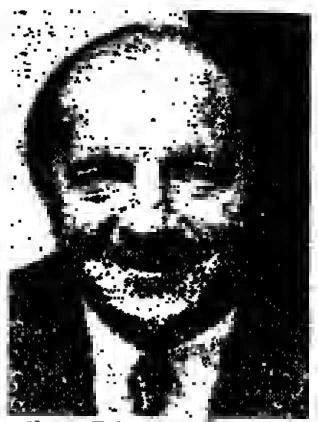
Mr Frère, who controls a further 6.55 per cent of Petrofina through private companies, was addressing shareholders at an extraordinary meeting called to approve a series of defensive measures.

At the same meeting, Viscount Etienne Davignon, chairman of Société Générale de Belgique, Belgium's largest holding company, said the group was "solidly behind" GBL in its support for Petrofina.

He confirmed that La Générale had no intention of selling its 11.33 per cent stake in Petrofina, which is Belgium's largest industrial company.

The shareholders were unable to adopt the defensive measures, which would bring Petrofina in line with recently implemented Belgian company legislation, because they represented only a minority of the shares.

The proposals will now be put to the vote at the May 14 annual meeting, where a quorum is not necessary.



Albert Frère: cutting short speculation over Petrofina

Gencor lifts income 6% despite weak markets

By Philip Gawith in Johannesburg

A SOUND operating performance against a background of depressed commodity markets saw attributable income at Gencor, South Africa's second-largest mining house, increase by 6 per cent to R593m ($188.7m) in the six months to February.

Mr Brian Gilbertson, executive chairman, said he believed Gencor's operational performance compared favourably with other resource companies.

He said the board had yet to decide whether it was in favour of the break-up of the group's non-mining interests. He said that a decision would be taken by the end of June at the latest, if not much sooner.

Although the larger number of shares in issue saw earnings per share decline by 10 per cent to 43.1 cents, the dividend is being maintained at 16 cents a share.

Mr Gilbertson said Gencor was unlikely to maintain the level of earnings reported during the current six months. He said commodity prices remained very weak, with few signs of an upturn.

Despite the poor outlook, he said that on very conservative forward assumptions, Gencor would have no financial problems in funding the large capital projects – Alusaf, Columbus, the Engen refinery upgrade and the expansion of Sappi's Saiccor plant – it is committed to.

Mr Gilbertson expressed regret that the group had not made more progress in establishing an offshore presence. He said tighter Reserve Bank restrictions on offshore deals made such ventures difficult to achieve.

● Lower capital expenditure and a much improved performance from Western Areas helped the Johannesburg Consolidated Investment group post a 45 per cent increase in profit after tax and capital expenditure in the March quarter to R36.5m, against R25.2m.

This increase was achieved despite further operational setbacks at the Joel mine, where continued poor grades saw gold production fall by 14 per cent. After-tax profit slid to R1.7m from R5.2m.

Hambros unit joins Chinese trader in broking venture

By Kevin Brown in Sydney

HAMBROS Australia, part of Hambros Bank of London, has formed a joint-venture stockbroking firm with China's principal overseas trading corporation to operate on the emerging Chinese stock exchanges.

CITIC Australia, a unit of China International Trust and Investment Corporation Holdings (CITIC), said it initiated the joint venture in the hope of stimulating flagging Australian interest in Chinese stocks.

The broking firm, to be called CH China Securities, is the first joint stockbroking venture since Chinese companies began issuing B shares for foreign investors last year.

CH China Securities has been granted a licence to operate as an authorised foreign broker on the Shenzhen stock exchange, and is expected to apply soon for a licence for the Shanghai exchange.

Mr Jijing Zhang, managing director of CITIC Australia, said there was little Australian interest in Chinese stocks "because Australians are a conservative people and they do not really know much about the market".

Mr Alan Humphris, a director of Hambros Corporate Advisory, said share trades would be handled by Hambros, but CITIC would supply the joint venture with economic and industrial analysis.

"I think that, with the CITIC entrée, we will get a very good handle on the economy, the markets and the companies, and that will give us quite an advantage over the foreign brokers operating out of Hong Kong," he said.

Mr Humphris said Australian financial institutions were monitoring the Chinese markets, but most had "minimal exposure", partly because of concerns about accounting standards and disclosure rules.

The joint venture marks a diversification into financial services for CITIC Australia, which says it has about A$260m (US$187m) invested in Australia, mostly in commodities-related activities.

The company's biggest investment is a 10 per cent stake in the Portland aluminium smelter operated by Alcoa of Australia.

Fresh equity for GD Express

By Kevin Brown

TNT, the Australian transport group, plans to inject A$50m (US$36m) in fresh equity into its lossmaking GD Express Worldwide joint venture with five European and North American post offices.

In a letter to the Australian Stock Exchange, TNT confirmed speculation that GD Express would require a further A$100m in equity "assuming no change in operating circumstances".

TNT is required to provide half of any fresh equity needed to maintain the joint venture's 50-50 debt-to-equity ratio. The balance will be split between the post offices of Germany, Sweden, the Netherlands, France and Canada.

GD Express has been a consistent loss-maker since it was established in 1991, partly in an attempt to absorb unused capacity within TNT's European aircraft fleet.

TNT reported net restructuring, establishment and loss-funding costs of A$68.9m for GD Express in 1991-92, which contributed to the group's second consecutive annual loss of nearly A$200m.

The joint venture removed more than A$900m of debt from TNT's balance sheet, but start-up costs have significantly delayed the group's forecast that GD Express would move into profit by June 1992.

TNT made a net loss of $A74.5m in the six months ended December, and expects to return to profit in 1993-94.

Injection of FM1.1bn for Savings Bank

By Hugh Carnegy in Stockholm

FINLAND'S government guarantee fund said yesterday it had pumped FM1.1bn ($204m) into the Savings Bank of Finland to save it from slipping below international capital adequacy requirements when it reports interim results at the end of this month.

The capital injection, made up of FM150m to increase the bank's share capital and FM950m to purchase preferred capital certificates issued by the bank, brought to FM13bn the total the guarantee fund has been forced to invest in Savings Bank, which was formed last year following the merger of 41 small savings institutions.

Savings Bank has been the biggest consumer of aid from the fund, which was set up to bail out Finland's banking system. The government has yet to decide on the future of Savings Bank and Skopbank, the savings banks' central bank.

The fund, which has access to FM40bn for recapitalising the banking system, said earlier negotiations with Kansallis-Osake-Pankki, the country's leading commercial bank, about a possible merger of the two with KOP were not proceeding "at this stage".

Chicago opens Euromark futures and options pits

By Laurie Morse in Chicago

THE Chicago Mercantile Exchange yesterday opened three-month Euromark futures and options pits, aiming to compete with Liffe in London which so far this year has traded more than 6m Euromark futures and maintains open interest at 500,000 contracts.

But CME traders believe they can take a slice of the market by capitalising on their options trading expertise and by offering the Chicago version of Euromark derivatives on the Globex electronic trading system through the Asian-Pacific business day. Using Globex, CME Euromark products will be open for either floor or electronic trading nearly 20 hours a day.

First-day volume – at 1,279 futures and 1,279 options traded in the pit, and 100 contracts traded on Globex – was modest. The Euromarks are the latest weapon to be wielded in the battle for market share between Chicago and London.

As the D-Mark increasingly dominates world foreign exchange trading, Euromark derivatives are growing in volume. Some traders feel Liffe's Euromark futures volume could surpass the CME's Eurodollar turnover, which has been averaging more than 5m contracts a month for a notional value of more than $5,000bn.

CRA satisfied with 70% stake in Cail

By Kevin Brown

CRA, the Australian resources group, had acquired 70 per cent of Coal and Allied (Cail), Australia's third-largest coal producer, when its bid of A$11.50 (US$8.27) a share closed yesterday.

The group said it was "very satisfied with the outcome of this offer", although its hopes of acquiring 100 per cent of Cail fell when Ube Industries of Japan, the second-largest shareholder, said it would not sell its 11 per cent holding.

CRA, which first tried to take control of Cail two years ago, is the largest coal producer in the Hunter Valley region of New South Wales.

Treasuries lose ground ahead of supply onslaught

By Karen Zagor in New York and Jane Fuller in London

US TREASURY prices moved broadly lower yesterday morning as the market braced itself for the week's onslaught of supply, including the afternoon sale of $15.25bn in two-year notes.

By midday, the benchmark 30-year government bond was down 7/32 at 103 1/32, yielding 6.866 per cent. At the short end, the two-year note was 1/8 lower, to yield 3.789 per cent.

GOVERNMENT BONDS

Overall, market sentiment was negative following reports that Mr Leon Panetta, budget director for President Bill Clinton, had become discouraged about prospects for serious deficit reduction this year.

Economic data released in the morning put further pressure on bonds, with an unexpected rise in the consumer confidence index for April to 67.7, from 63.2 in March.

■ THE UK government bond market rallied on the eve of today's £3bn auction of 7¼ per cent five-year gilts which is expected to meet reasonable demand.

The market was particularly strong at the long end, where stock typically gained more than half a point. The 8¾ per cent bond due 2017, for instance, advanced by about ¾ to 103¾.

One reason was that dealers felt the market had been oversold before the auction. The "when issued" price for the 7¾ bond gained about ¾, giving a yield of 7.05 per cent.

■ THE GERMAN market was buoyed in the morning by hopes of an acceleration in interest rate cuts following a press report of comments by Mr Helmut Schlesinger, Bundesbank president.

The bund futures contract opened higher at 95.40 and rose to 95.70. But the message in the article was not unequivocal, and the announcement that there would be a new bund issue next week took the wind out of the market's sails. The futures contract ended unchanged.

Today, attention focuses on the repo rate, which is expected to come down from 8.09 per cent to about 7.90 per cent, taking up most of last week's 25 basis point cut in the discount rate to 7.25 per cent.

■ THE ITALIAN market made more progress, mainly in the futures market, on the back of the appointment of central banker Mr Carlo Azeglio Ciampi as prime minister-designate.

Although lacking in political experience, he is seen as good news in terms of support for the lira and a hard line on the budget deficit.

Foreign investors have become keener on Italian stock as the currency risk has lessened, in coutrast to Spain where the foreign response to Thursday's bond auction will be closely monitored.

In Portugal, where the escudo is under pressure, the bond market was hit by an increase in overnight money market rates to 21 per cent.

■ A RISE in the Nikkei average index to more than 20,000 and a sharp improvement in some economic indicators hit the Japanese government bond market yesterday.

Alongside the rise in an index of leading indicators from 54.5 in January to 80 in February, the Economic Planning Agency fanned recovery hopes by commenting that the bottom of the cycle had been reached.

The futures contract fell from 109.43 to 108.90, while the yield on the benchmark 145 issue due 2002 rose to 4.28 per cent from 4.195 per cent. Traders were also adopting cautious positions before the Golden Week holidays.

The influence of the currency was evident in London trading. After the yen hit a high of Y109.20 to the dollar, the futures contract recovered to 109.06. However, intervention by the US Federal Reserve – for the first time this year on the dollar-yen front – sent both the yen and the futures contract back the other way.

FT FIXED INTEREST INDICES

	April 27	April 26	April 23	April 22	April 21	Year ago	High *	Low *
Govt.Secs.(UK)	95.77	95.52	95.72	95.58	95.99	88.49	98.04	93.28
Fixed Interest	111.75	111.70	111.82	111.60	111.80	103.46	113.83	108.67

Basis 100: Government Securities 15/10/26; Fixed Interest 1928.
* for 1993. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75)
Fixed Interest high since compilation: 113.83 (6/3/93), low 50.53 (3/1/75)

GILT EDGED ACTIVITY

Indices*	April 26	April 23	April 22	April 21	April 20
Gilt Edged Bargains	106.1	114.3	130.8	121.9	125.9
5-Day average	119.8	121.2	120.4	118.5	115.7

* SE activity indices rebased 1974

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		9.500	09/03	113.6715	-0.543	7.56	7.52	7.90
BELGIUM		9.000	03/03	110.2000	+0.350	7.50	7.42	7.66
CANADA *		7.250	06/03	98.1500	-1.250	7.51	7.31	7.53
DENMARK		8.000	05/03	102.4500	-0.320	7.64	7.87	8.04
FRANCE	BTAN	8.000	05/98	104.7712	+0.127	6.84	6.88	6.97
	OAT	8.500	04/03	109.2900	+0.090	7.16	7.10	7.29
GERMANY		7.125	12/02	103.0250	-0.880	6.68	6.61	6.62
ITALY		11.500	03/03	95.3850	-0.655	12.69†	13.10	13.05
JAPAN	No 119	4.800	06/99	102.8574	-0.531	4.22	4.17	4.38
	No 145	5.500	03/02	107.6885	-0.805	4.30	4.22	4.28
NETHERLANDS		7.000	02/03	102.8400	-0.030	6.58	6.50	6.69
SPAIN		10.300	06/02	93.0210	-0.102	11.56	11.82	11.49
UK GILTS		7.250	03/98	100-30	+10/32	7.01	6.94	6.73
		8.000	06/03	100-27	+18/32	7.88	7.84	7.79
		9.000	10/08	106-10	+24/32	8.27	8.27	8.93
US TREASURY *		6.250	02/03	101-02	-16/32	6.10	5.87	6.06
		7.125	02/23	103-05	-28/32	6.07	6.75	6.92
ECU (French Govt)		8.000	04/03	102.8000	-	7.59	7.59	7.56

London closing, *denotes New York morning session. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

India approves plan for national stock exchange

By Stefan Wagstyl in New Delhi

THE INDIAN government yesterday approved controversial plans for the establishment of a National Stock Exchange, a potential rival for the Bombay Stock Exchange and other provincial exchanges.

The plans, advanced by the finance ministry and leading state-owned financial institutions, envisage the creation of a Rs1bn ($32m) nationwide computer-based trading system for a wide range of financial instruments, including equities, bonds and short-term paper.

The proposals are likely to provoke fierce battles in the financial community, with the institutions ranged against stockbrokers who see the plans as a threat to their business. Brokers also doubt whether such an ambitious scheme can be introduced rapidly in India, given the country's chronic shortages of telephone lines and other services vital for a national computer-based market.

The government yesterday set out a tight timetable for the new exchange – saying that money market instruments would be traded by the end of the current financial year in March 1994. Capital market instruments, including equities, would be introduced later.

The government said in a statement that its aim was to ensure greater transparency and better protection for investors. "The exchange will also help in bringing the Indian capital market in line with international markets," it added.

Government officials believe last year's Rs40bn Bombay securities market scandal highlighted many weaknesses in the existing stock markets, including unclear trading practices, poor book-keeping by brokers and late settlements.

Even though the affair centred on the inter-bank market and not the stock exchange, stockbrokers played a key role in channelling funds illegally from banks into equity investments.

The Securities and Exchange Board of India, the newly-appointed securities market watchdog, has been struggling in its efforts to bring greater discipline to the stock markets. Brokers complain that the authorities have been heavy-handed and have failed to understand the subtleties of stock trading.

Convertible £90m issue from Forte

By Jane Fuller

FORTE, the UK hotels and restaurants group, yesterday announced a £90m convertible bond issue due 2008 and paying 6.75 per cent interest.

It said this would help to lengthen the maturity of its debt, which stood at a net £1.28bn – gearing of 48 per cent – in January. It also eased the average interest rate paid to less than 9 per cent. Last year's interest bill of £128m was less than twice covered by £200m trading profits.

The new bond is unsecured and subordinate to other debt.

The conversion price is 223p, a premium of 15.5 per cent over the market level at the time of pricing. Yesterday, the stock shed 2p to close at 194½p.

At the year-end, Forte had £534m of borrowings due within one year. This issue, plus February's 25-year £200m debenture issue, more than halves that figure.

Osaka Gas turns attention to dollar sector

By Sara Webb

THE BIGGEST transactions in the Eurobond market yesterday were in the US dollar and French franc sectors, where investor appetite appears to be strong.

INTERNATIONAL BONDS

Osaka Gas, the Japanese utility, tapped the US dollar sector with a $250m five-year bond bearing a 5¾ per cent coupon.

The borrower has a large capital expenditure programme and is keen to establish a benchmark for further bond issues, according to Goldman Sachs, lead manager for the issue. The proceeds, which will be swapped into yen, will go towards the building of new liquefied natural gas (LNG) terminals and pipelines.

The deal was launched at a spread of 57 basis points over the five-year US Treasury bond, and the spread tightened slightly to 56 basis points, the lead manager said. Osaka Gas has a AA2/AA- credit rating, and last tapped the Eurobond market with a C$200m five-year deal in September 1991.

The trend for collared floating-rate notes, which have proved a popular form of issue over the past year, continued yesterday as Citicorp launched a $200m 10-year deal. Citicorp's issue, lead-managed by Kidder Peabody, was quickly increased in size from $100m in order to meet strong demand from Tokyo, Hong Kong, the Middle East and Europe.

Dealers pointed out that the Eurobond market has seen a steady stream of collared FRN deals. The flow started with a handful of top, triple-A credits leading the way. "Although the top credits initially led the way, investors now seem willing to buy less outstanding credits," said one syndicate manager. Citibank is rated BAA3/BBB+ on its subordinated debt.

The lead manager said the collared FRN route provided "a great opportunity to raise capital cheaply in the European markets", and added that the 5⅛ per cent floor was considered very generous given that three-month Libor is currently around 3¼ to 3⅜ per cent.

A $300m, 12-year bond for Export-Import Bank of Japan attracted criticism as some syndicates complained about the maturity, arguing that the yield pick-up was not much better than they would have seen on a 10-year bond from the same borrower. The bond has a coupon of 6.25 per cent; the deal was launched at 33 basis points over the 10-year Treasury bond and managed to hold its spread.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
Export Import Bk. of Japan	300	6.25	98.692R	May.2005	0.35R	+33 (6¼%-03)	Merrill Lynch Intl.
Osaka Gas	250	5.75	99.869R	May.1998	0.275R	-	Goldman Sachs Intl.
Citicorp(a)‡	200	(a)	99.50R	Aug.2003	50R	-	Kidder Peabody Intl.
YEN							
Nissho Iwai Europe(b)	5bn	3.68	100.1?R	Aug.1994	0.15R	-	Sanwa Intl
Nippon Oil Finance(Neth.)(c)	3bn	4.35(c)	100.30R	May.1998	0.30R	-	Fuji Intl. Finance
FRENCH FRANCS							
Credit National	2bn	7.25	98.01R	May.2003	0.375R	+47 (6.75-03)	Banque Paribas
Credit National(d)	1bn	7.375	100.32R	April.1996	0.25R	+38 (9.5-96)	Banque Paribas
STERLING							
Forte§	90	6.75	100	May.2008	2.5	-	UBS
Credit Local de France(e)	25	7.25	98.58R	Dec.1998	(f)	+40 (7¼%-98)	NatWest Capital Markets
ITALIAN LIRA							
Bayerische Landesbank	300bn	10.75	101.75	Mar.2003	2	-	Monte di Paschi di Siena
SWISS FRANCS							
Swedish Nat. Housing Fin.♦	150	5	101.75	June.1999	-	-	Banque Paribas

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. ♦Private placement. §Convertible. ‡Floating rate note. #Semi-annual coupon. R: fixed re-offer price; fees are shown at the re-offer level. a) Subordinated issue. Coupon pays 0.125% below 3-month Libor and payable quarterly. Minimum interest 5⅛%, maximum 10%. b) Issued under a Euro-medium term note programme. c) Coupon pays 4.35% fixed until August 1996 then 25bp over 3-month Yen Libor thereafter. d) Fungible with outstanding FFr1.5bn. Plus 22 days accrued interest. e) Fungible with outstanding £100m. Plus 62 days accrued interest. Fees undisclosed.

Tokai Bank senior rating downgraded by Moody's

By Robert Thomson in Tokyo

TOKAI Bank, a leading Japanese commercial bank, had its senior rating downgraded from A1 to A2 yesterday by Moody's, the US credit ratings agency, which said the bank's core earnings were under pressure and non-performing loans were an increasing burden.

The agency said Tokai, based in the central city of Nagoya, had a "high level" of exposure to the international and domestic property markets and, like many other banks, problems with finance company affiliates, the so-called non-banks.

● Mitsubishi Trust and Banking is to take advantage of financial reforms to establish a brokerage subsidiary later this year to expand its role in domestic bond markets.

The Japanese government introduced reforms at the beginning of this month allowing trust and long-term credit banks to open brokerage subsidiaries, though excluding these units from dealing in the stock market.

Banks expect that the finance ministry will broaden the range of institutions permitted to open new subsidiaries next year, and gradually allow them to deal in stocks. Mitsubishi said its new unit would be capitalised at about Y20bn and employ 30 staff.

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7.05 pm on April 27

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (‡ three-month; §above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	64	0	13
Other Fixed Interest	3	2	10
Commercial, Industrial	316	261	822
Financial & Property	149	94	553
Oil & Gas	19	13	52
Plantations	0	1	7
Mines	36	19	81
Others	25	58	39
Totals	612	448	1,577

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price p	+ or -	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
170	F.P.	-	218	193	Brown (D)	212		W6.0	2.4	3.5	15.0
100	F.P.	-	105	100	Fleming Emerg Mkts	105		-	-	-	-
-	F.P.	-	¾	¾	‡Metallic Res. Wts.	¾		-	-	-	-
138	F.P.	-	147	142	[illegible] Ins Service	147	+4	R5.2	2.0	4.4	14.1
195	F.P.	-	216	195	Halliday Chemical	213	-1	W3.7	2.9	2.2	19.6
380	F.P.	-	538	385	Quality Software Prods	494	-1	-	-	-	24.0
112	F.P.	-	124	112	Stagecoach	124		R3.8	1.7	3.5	15.9
300	F.P.	-	395	290	Westminster H'care	290		W3.75	3.7	1.8	18.5
110	F.P.	-	141	125	Yorkshire Food	135		W2.88	2.6	2.7	13.8

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price £	+ or -
100	F.P.	-	103¼	101	Dental Independent 6¼pc Cv. 2008	103¼	+2
100	F.P.	-	106¼	104½	Inchcape 8¼pc Cv 2008	105¾	-½
100	F.P.	-	125½	122½	Tops Estates 7½pc Cv. Uns. Ln. 2020	125½	

RIGHTS OFFERS

§ Figures based on prospectus estimates. H Dividend and yield based on prospectus or other official estimates for 1993. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1993-94. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Issued by way of rights. † Introduction. § Placing price. †† Reintroduction. ♀ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

- First Dealings Apr. 26
- Last Dealings May 7
- Last Declarations July 29
- For settlement Aug. 9

3-month call rate indications are shown in Saturday editions.

Calls in BM Pref., Cluff Res., Downiebrae, Evered Bardon, Fairhaven, Haemocell, Ratners Ord. & Pref. shs., Renold, Ross, Savills and Windsor. Puts in ASDA, BM and Ross. Doubles in Downiebrae and Utd. Energy.

FT-SE ACTUARIES INDICES

The FT-SE 100, FT-SE Mid 250 and FT-SE Actuaries 350 Indices, the FT-SE Actuaries Industry Baskets and the FT-Actuaries All-Share Index are members of the FT-SE Actuaries Share Indices series which are calculated in accordance with a standard set of ground rules established by The Financial Times Limited and London Stock Exchange in conjunction with the Institute of Actuaries and the Faculty of Actuaries.

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LIFFE EQUITY OPTIONS

FT-ACTUARIES FIXED INTEREST INDICES

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COMPANY NEWS: UK

BAe expects recovery in 1994

By Paul Betts, Aerospace Correspondent

BRITISH AEROSPACE, which reported a £201m pre-tax loss last year before a £1bn exceptional restructuring charge, would show solid recovery in 1994, Mr John Cahill, chairman, told the annual meeting.

He said cash outflows this year associated with the 20 per cent stake in Airbus, regional aircraft rationalisation costs and investment in Tornado fighter aircraft productioo were expected to be reversed next year.

Although the company still had to address the difficulties in its turbopropeller aircraft business, Mr Cahill expressed optimism over the future.

This optimism has beeo reflected in receot weeks by the sharp improvement in the share price, which has recovered from a low of 98p last year to more than 320p.

Mr Cahill said there had been an improvement in the medium-term outlook for defence profits following additional Tornado orders from Saudi Arabia and continued demand for Hawk and Harrier aircraft.

Although the Europeao Fighter Aircraft programme, now renamed Eurofighter 2000, continued to face pressures and uncertainty, Mr Cahill said he was confident that development would be completed to enable deliveries of the new fighter to start at the end of the century.

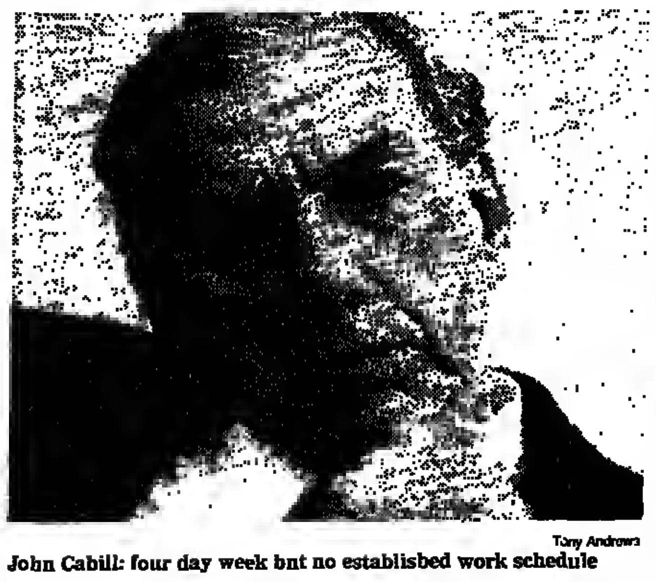
"Eurofighter will be vital to our performance into the next century," he said, emphasising that the programme's long-term importance for the UK aerospace industry could not be overstated.

Mr Cahill was also optimistic over the Rover car subsidiary's prospects. Although the UK upturn was partially offset by big falls in car demand in other European markets, Mr Cahill said the combination of favourable exchange rates, cost reductions and development of a strong product range would enable Rover to move through its break-even point this year.

He thus confirmed the earlier forecast that Rover would be profitable this year after two years of losses.

Mr Cahill said the European Airbus would continue to consume cash this year, largely because of the introduction of the new A330/A340 wide-body airliners.

He was confident, however, that Airbus would become a significant cash contributor to BAe in the longer term.



Tony Andrews

John Cahill: four day week but no established work schedule

John Cahill receives his $800,000 salary in US

By Richard Gourlay

MR JOHN CAHILL, chairman of British Aerospace, receives his $800,000 (£530,000) salary in the US, despite being head of one of the UK's largest manufacturing companies.

A resident of Long Bay Key, Florida, for tax purposes, Mr Cahill joined BAe when the group was looking for a "British" replacement for Prof Sir Roland Smith, who was ousted in a boardroom coup in 1991.

Mr Cahill, the former chief executive of BTR, the industrial holding company, is also due to receive stock options to buy shares valued "in or around" September 1992 at about $3.2m.

According to his service contract, Mr Cahill is required to work an average of four days a week but has "no established work schedule" and can "perform his services at times and places reasonably and in good faith selected by him".

The company also pays for legal, tax, accounting financial and estate planning counselling.

Mr Cahill's service contract was available for public scrutiny in the run up to yesterday's annual meeting.

Herring Baker drops to £1.36m

By Catherine Milton

PRE-TAX profits at Herring Baker Harris, the chartered surveyor, slumped from £3.5m to £1.36m in the year to January 31.

As it forecast in January, the board is proposing a cut in the final dividend to 0.5p (3.75p) giving a total for the year of 3.75p (7p). Earnings per share fell to 3.97p (19.16p).

The shares lost 9p on the day to close at 62p.

The results included the first full-year contribotion from Baker Harris Saunders, the chartered surveyor which merged with the old Herring Son & Daw in early 1992. The 1992 comparative figures are for Herring Soo & Daw only.

Mr Nicholas Owen, chairman, said: "The decline reflects some ratiooalisation following the merger bot it was the setback io property values and markets that hit us." He warned that trading in the current year remained difficult.

Turnover rose 44 per cent to £19.4m (£13.5m) but fell 9.6 per cent from the 1992 turnover of both companies combined.

At the year-eod the company had net debt of £999,000 for gearing of 25 per cent, against cash of £3.81m. Net ioterest paid was £24,000 against oet interest received of £167,000. It had a cash outflow during the year of £4.8m, of which about £3.5m was merger-related.

Operating costs rose to £18m (£10.1m) of which £10.9m were staff costs, including redundancies. In the UK costs were cut by 7 per cent overall.

The group is reaping benefits from the merger with, for example, a shift in the relative cootributioo of the six divisions.

The professiooal divisioo cootrihuted 18.3 per cent of turnover (31.4 per cent) and the agency divisioo 26.7 per cent (14.5 per cent).

CPC Baker Harris, the US property coosultancy, suffered a loss and required a casb injection. Most of the Los Angeles office is being sold to Mr Nicholas Costa, the American company's former presideot.

Travis Perkins falls 21% after lower property sales

By Paul Taylor

TRAVIS PERKINS, the timber and huilding materials merchant, yesterday reported higher 1992 trading profits and said sales and profits were ahead in the first quarter of this year.

However, reduced profits of £1.64m (£5.84m) on the sale of surplus property, meant that pre-tax profits dropped 21 per ceot, from £14m to £11m, and earnings per share fell 29 per cent to 7.7p (10.8p).

Despite this, the final dividend is again 5.5p, maintaining the total, which is not fully covered, at 8p.

Trading profits at the group, which operates 165 building materials depots and 11 gardeo ceotres, increased 6 per cent to £9.63m despite a 2 per ceot decline in turnover to £303.4m.

The average number of employees in the group was reduced by 12.6 per cent to 3,219 with output per employee improving by 11.9 per cent.

The had debt charge improved slightly to 1.3 per cent of credit sales from 1.4 per cent the previous year – the first improvement for four years.

Net interest payments declined to £242,000 (£357,000) mainly reflecting reduced borrowings which fell to £1m (£7.8m) at the end of December, but the pre-tax profit figure was overshadowed by the year-on-year drop in proceeds from property sales.

Mr Tony Travis, chairman, said the current year had started "with more promise" and sales were up about 2 per ceot in volume terms and about 4 per cent in value.

● COMMENT

Travis' chairman acknowledges that the time taken integrating Travis Arnold and Sandell Perkins following their merger in 1988 probably means it has been "missing the boat" in terms of other acquisitions which might bave provided it with a short cut to becoming a truly national huilders merchants' group. Nevertheless, the group, which has about 4 per cent of the domestic market, is still looking for smaller deals. Even without substantialy higher profits on property disposals, the group should benefit from the economic upturn. Some 70 per cent of its sales relate to the replacement, repair and improvement market and with business prospects improving there should be be no more redundancy costs. Pre-tax profits of £14m look possible this year producing earnings of 9.5p. The stock – which gained 13p yesterday to 218p producing a prospective p/e of 23 – could still go higher.

Acquisitions help Sage grow 24%

By Alan Cane

SAGE GROUP, the Newcastle-based accounting software compaoy, maintaioed its growth record in the six months to March 31, with a 24 per cent improvemeot in pre-tax profits and 45 per cent rise in turnover.

Sage acquired three companies during the period, Ciel in France, Remote Cootrol International in the US and Yorkshire Business Forms, which cootributed £5.51m to total turnover of £21m (£14.5m). Uoderlying growth was a healthy 11 per cent during the worst recessioo the software industry has known.

Profits before tax came to £5.38m (£4.34m). Earnings per share were 17.68p (14.53p) and an interim dividend of 3.32p (3.02p) is declared.

Net cash balances at March 31 were £3m after the company spent £5.1m on acquisitions.

Remote Control International incurred a loss of £370,000 as a result of management and product changes. Mr David Goldman, chairman, said the loss had been expected and budgeted for.

Stagecoach at 10% premium

By James Buxton, Scottish Correspondent

SHARES OF Stagecoach, the bus and coach operator, closed on their first day of trading at 124p, a 10 per cent premium on the offer price of 112p.

Mr Philip Stephens of UBS Phillips and Drew, the stockbrokers to the Perth-hased company, said that Stagecoach regarded the outcome as "very satisfactory, suggesting that we priced the issue right".

Some 6m shares were sold in heavy trading. Nearly 12m shares had been sold to the pnhlic and a further 22m placed with institutions.

Mr Stephens said that some small shareholders had been cashing in their shares, with institutions buying and selling.

A stockbroker in Scotland, where interest in the issue was strong, said that many people had been selling their shares hecause the allocations had been so small. Most people received fewer than 250 shares in the pnhlic issoe, which was suhscribed nearly eight times.

German stake in Young Grp

By Chris Tighe

YOUNG GROUP, the County Durham-based opeocast and drift coal miner, announced yesterday that MG Carbon, a wholly owned subsidiary of Frankfurt-based Metallgesellschaft, had acquired a 29.5 per cent stake.

The deal, which gives MG Carbon a seat oo the Young board, stemmed from a decision by the company's directors and leading shareholders to increase the financial streogth of the company, which has been restructured following serious working capital prohlems.

Mr Brian Calver, Young's chief executive and group managing director, refused to be drawn on whether Metallgesellschaft's involvement meant the group would now hid, with German backing, for any of the 20 British Coal mines being offered to the private sector,, but he confirmed: "It increases the likelihood of Young Group taking a much more positive role in the coal industry."

Young last week announced a loss for the year to November 30 of £7.9m.

Ex-chairman retained by Guinness

By Philip Rawstorne

Sir Anthony Tennant, who retired as chairman of Guinness at the end of last year, has been retained as a consultant to the drinks group for the next two years at an annual fee of £50,000.

The aooual report, published yesterday, shows that Sir Anthony was given a pay rise of 24 per cent in his final year, increasing his remuneration from £625,000 to £777,000.

However, Sir Anthony, who was paid a performance-related bonus of £156,000 in 1991, received no boous last year as the group's profits slipped 12 per cent to £795m.

F&C forced to sell 11% stake in own trust

By Scheherazade Daneshkhu

Foreign & Colonial Management, the manager of the UK's largest investment trust, is to sell its 11 per cent stake in the ordinary shares of F&C High Income Investment Trust as a result of breaching Inland Revenue rules.

High Income Investment holds 30 per cent of its assets in ordinary shares and can no longer be included in a personal equity plan, following new Inland Revenue rules.

"Noo-qualifying" unit and investmeut trusts have to hold investments of at least 50 per cent in ordinary shares to qualify for a Pep subscription up to £1,500, instead of the full £6,000 allowance.

NatWest chief warns of subdued loan demand

By John Gapper, Banking Correspondent

THE SCOPE for growth in National Westminster Bank's income may be inhibited "for some time" because of subdued loan demand, Lord Alexander, chairman, told the annual meeting in London yesterday.

He said the first few months of 1993 indicated that "we are over the worst so far as UK bad debts are concerned", but that subdued loan demand "may well continue for some time, and inhibit the scope for income growth".

However, Lord Alexander said that NatWest Markets, the recently restructured corporate and investment banking arm, was among parts of the group where income was growing.

NatWest Markets contributed £252m to group pre-tax profits of £405m. The previous year, the businesses within it contributed £315m profit, while the total pre-tax profit was only £110m.

The unchanged dividend for 1992 reflected "a degree of caution about the pace of economic recovery", but the bank looked forward to the time when it could provide shareholders with real dividend growth, the chairman added.

Directors faced criticism from some shareholders for the rise in their remuneration last year despite the dividend being held. However, Lord Alexander said that directors had managed to raise profitability.

COMPANY NEWS: UK

Preparing to rebuild on more substantial foundations

Andrew Taylor on the past and future strategies of Tarmac, which has incurred the biggest loss recorded in the UK construction industry

THE RISE and fall of Tarmac, Britain's biggest construction and building materials group, is of epic proportions.

The company 14 years ago generated annual pre-tax profits of just £26.5m. A decade later, in 1988, it made a record £393m pre-tax.

Yesterday, it announced a pre-tax loss of £350m, the biggest recorded by e Britsh construction company.

The reasons for the jagged performance derive from Tarmac's strategy, led by Sir Eric Pountain, then chairman and chief executive, of concentrating investment in the 1980s in the vibrant UK and US economies.

Investment in continental Europe, favoured by UK building material rivals like RMC, Redland and Steetley (now part of Redland), was largely ignored – partly because Tarmac had burnt its fingers in Germany in the late 1970s. "It was the reason I got the job of chief executive," Sir Eric used to joke.

It left the group badly exposed when UK and US coostruction markets collapsed in the late 1980s. Diversification into "non-core" areas like waste management proved oo substitute for the kind of successful German businesses whicb have buttressed results from Redland and RMC.

Tarmac's policy of allowing its operating divisions a high degree of autonomy over lovestmeot decisioos also meant that central management was slow to reign back bousing land purchases and lovestmeot lo commercial property joint ventures when property markets went into recession.

Group borrowings have risen steeply as property values have fallen. Provisions last year against housing land and commercial property joint ventures totalled almost £220m.

Mr Neville Simms, appointed chief executive 14 months ago and formerly bead of the contracting division, has been charged with restructuring tha business and repairing Tarmac's debt-laden balance sheet. Sir Eric remains non-executive chairman.

At the end of last year oet debt – including Tarmac's share of off-balance sheet finance of £100m and £99.3m of suction market preferred stock – stood at £677m. This was equivaleot to 73 per cent of shareholders' funds of £924m.

Tarmac aims to reduce debt hy about £200m this year through disposals, savings and by further squeezing working capital.

Tony Andrews

Neville Simms: greater central control over iovestment strategy

Mr Simms' strategy is to concentrate on the three core businesses of housebuilding, constructioo and quarry products, continue to reduce overheads where he can and reduce debts hy selling peripheral operations, sucb as Econowaste, the waste disposal business.

Most of the restructuring has been completed or already announced. A total withdrawal from commercial property development should be completed within two years. Capital employed in housebuilding this year is expected to decline to an average of betweeo £350m and £400m, representing less than a quarter of total group capital employed in 1993.

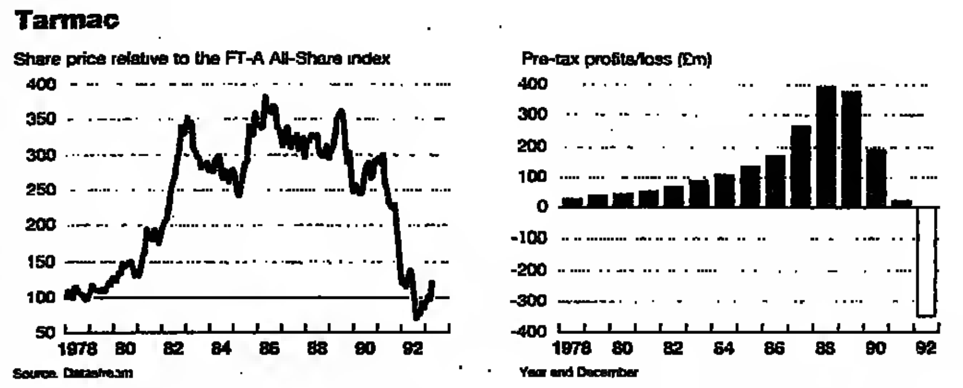
This compares with peak housiog expeoditure of approaching £1bo in the late 1980s accounting for more than half the group's capitel employed.

On the building material front, dry stone manufacturing capacity has been cut by 17 per cent; ready mixed concrete capacity by 15 per ceot. Black top manufacturing capacity has reduced by 5 per cent. Brick capacity has been cut by 37 per cent, from 270m bricks a year to 170m. Concrete block plants also have been closed redocing capacity hy 15 per cent.

Last year Tarmac reduced the oumber of workers it employs by 4,300. A further 900 jobs have gone in the first three months of this year.

In the US it intends to concentrate on the east coast where "recovery prospects" are greater. Noo-core US businesses, some expensively acquired in tbe 1980s, have been sold.

About £150m has been raised from disposals since last June. The group hopes to raise a similar amount from sales this year. There has been disappointmeot, however, at the time taken to find a buyer for Econowaste.



Mr Simms says there has been a marked change in management style, witb much greater central control over investment strategy, since his promotion.

It has been accompanied by what looks suspiciously like a palace revolution, with Mr Bryan Baker, deputy cbairman, Mr Anthooy Collins, head of property, Mr Jack Mawdsley, head of quarry products and Mr Derrick Sims, head of the building materials division, retiring or leaving during the past year.

Mr Sam Pickstock, head of the housing division, has proved more permanent. This bas surprised some analysts wbo blame him for failing to keep a tighter grip on the UK housing operations when tbe market turned down.

It has not prevented Tarmac's new chief executive from restructuring the housebuilding business througb the closure of four of the 20 operating units in southern England and the Midlands with the loss of more than 250 jobs. The aim is to take £100m of working capital out the business this year reducing the number of homes sold in the UK from 8,000 to 7,000.

Tbe timing of Mr Simms' appointment as chief executive has meant that the work of curing the group's ills began somewhat later than in rival companies.

The reaction from analysts yesterday was tbat Tarmac bad still to complete what others had already acbieved. There was also some questioning whether it was correct to be reducing capital employed in bousing just as the market seemed to be recovering.

SG Warburg, the group's broker, expressed it best: "Altbougb tbe jury remains out, much of what Tarmac hopes to achieve in the 1990s and the metbods by which it will be achieved are already in place. However, to move more positively as yet demands a degree of faith in management and growth strategies and philosophies whicb has yet to be earned or establisbed."

Teredo board under fire from Cairn Energy

By Deborah Hargreaves

CAIRN ENERGY, the oil exploration and production group which has made a hostile £1.5m bid for Teredo Petroleum, the indebted oil company, yesterday hit out at the hoard for not recommending acceptance.

Cairn's all-share offer currently values Teredo at 4.8p s share. Cairn's share price has increased by 20 per cent since it launched the bid following s gas discovery in the US.

Mr Bill Gammell, chairman of Cairn, has asked shareholders in Teredo to consider what plans its board has to secure the future of their company beyond Friday, when interest repayments on £7.4m of debt fall due.

Shareholders should ask what plans the directors have for reducing a level of gearing approaching 600 per cent, be said. Teredo, which has a majority of small private investors, holds its annual meeting tomorrow.

The board has not recommended acceptance of the offer although it has sngested shareholders strongly consider it. First day for acceptances is today.

Cairn said it is interested in taking over the company because of its onshore oil production facilities which border those of Cairn.

The company has an option over Teredo's loan note of £1.4m.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Bournemouth Wtr ......fin	86	June 18	-	86	-
Edinburgh Inv ....fin	5.55	July 8	5.55	8.4	8.05
Herring Baker ....fin	0.5	June 21	3.75	3.75	7
McKechnie ....int	5	July 15	5	-	14.75
Sage ....int	3.32	June 24	3.02	-	9.02
Schroder Korea ....fin	2☆	June 3	-	2☆	-
Scot National ....int	1.55	July 7	1.85	-	8.85
Sears ....fin	2.5	July 2	3.83	3.5	5.355
Shirescot ....int	1	June 30	-	-	2.2‡
S&U Stores ....fin	7.6	July 1	6.18*	10	8.18*
Tarmac ....fin	2.5	July 19	2.5	5.5	5.5
Travis Perkins ....fin	5.5	July 1	5.5	8	8
Waterford Foods ....fin	1.58♣	-	1.525	2.73†	2.625
West Hants Water......fin	36	June 18	-	36	-

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. *US cents. ♣Irish currency. ‡For 18 weeks. ☆ For 64 weeks.

Offer accompanies static interim profits

McKechnie to expand via £47m bid for Savage

By Paul Cheeseright, Midlands Correspondent

MCKECHNIE, the international plastics and metals components group, is seeking to expand its consumer products business by acquiring Savage, the St Alban's-based home improvement accessories company, in a deal worth £47.2m.

Savage is recommending acceptance of the 4-for-21 share-exchange offer or a cash alternative of 73.33p per share. McKechnie is also offering 100p for every Savage preference share.

The offer came as McKechnie announced that although first half pre-tax profits for the six months to January 31 were fractionally higher at £10.8m, compared with £10.6m last time, there was an underlying improvement in profits before interest of 7 per cent.

The bid was foreshadowed on April 22, when Savage announced it was in discussions. Since then its share price has risen from 48p to 71p. The McKechnie share offer, however, values each Savage share at 80p, or 67 per cent more than its price before the bid talks announcement.

To meet demand for the cash alternative, Baring Brothers is underwriting the issue of 8m new McKechnie shares at 385p.

McKechnie is paying £15.1m cash for the preference shares, a move which is likely to lift gearing to about 20 per cent by the year-end from 10.4 per cent at the end of January.

Both groups stressed the neat fit of their respective businesses. The acquisition will more than double the turnover of McKechnie's consumer products division. Savage, whose core business is shelving and storage systems, has been recovering from the damaging effects of continental European acquisitions in the late 1980s. It made pre-tax profits of £1m on turnover of £32.3m in the six months to last December.

For McKechnie, the takeover of Savage represents the resumption of expansion after concentration on reduction of its cost base and the maximisation of cashflow.

In the latest half turnover was barely changed at £140.8m (£139.9m). Earnings per share rose from 9p to 9.5p, while the interim dividend is maintained at 5p.

● **COMMENT**

The full price McKechnie is paying for Savage suggests confidence on three levels: recovery on the UK housing market, Savage's ability to generate European sales in devalued pounds and its own ability to trim Savage's costs. It will make little difference this financial year but could add over £2m to McKechnie's bottom line in 1993-94 when the group should in any case be recovering on the back of UK and US economic recovery. For the immediate future, seasonal shifts in McKechnie's earnings mean that the second half will be better than the first. That makes brokers' estimates of 1992-93 pre-tax profits over £26m look realistic. On earnings approaching 20p, this puts the shares at yesterday's price of 423p on a prospective multiple of over 21, recovery having been anticipated already.

Bryant to raise £18m for land purchases

By Andrew Taylor, Construction Correspondent

BRYANT GROUP yesterday became the latest housebuilder to raise funds to buy land in what increasingly looks like the beginning of a housing market recovery.

It is raising about £18m from a placing of 13m shares at 137½p. Following the announcement the shares fell 2p to 142p.

The placing is through SG Warburg Securities. Dealings are expected to start on Friday.

Mr Colin Hope, chairman, said: "The revival in new house purchasers' confidence since the beginning of this year is extremely encouraging. Our net reservations since December 1 are more than 30 per cent ahead of the comparable period a year ago."

The group, in addition to purchasing land in its existing areas, has formed a subsidiary in Edinburgh and is in the process of establishing itself in north-east England.

A division has been set up to build smaller developments of luxury homes in Berkshire, Buckinghamshire, Oxfordshire and Warwickshire.

Earlier this year the group announced that first half pre-tax profits had fallen from £9.8m to £7.5m. The interim dividend was held at 1.4p.

Borrowings of £9.3m at the half year represented gearing of just 5 per cent. This excluded £20m associated company borrowings attributable to Bryant.

Edinburgh Inv net asset value boost

By Scheherazade Daneshkhu

EDINBURGH Investment Trust, the UK's second largest investment trust, reported net asset value per share of 300.8p at March 31, a record year-end level, against 253.9p a year earlier.

Net revenue was 13 per cent higher at £27.2m (£24.1m), for earnings per share of 9.25p (6.19p).

The figures were helped by the move to increase investment in UK equities, which at the end of the year accounted for 88.6 per cent of funds compared with 62.1 per cent 12 months earlier. They were further boosted by the early payment of dividends following tax changes announced in the 1993 Budget.

The final dividend is 5.55p, making a total of 8.4p (8.05p).

The managers entered into a loan agreement for £100m for one year, ending in October 1993.

Acquisitions lift Waterford Foods

By Tim Coone in Dublin

ACQUISITIONS pushed pre-tax profits strongly ahead for the second year running at Waterford Foods, the Irish dairy group.

For 1992 profits rose 28 per cent, from I£15.9m to I£20.4m (£20m).

Included was a five-month contribution from three dairy processing companies of Express Foods Ireland, acquired last August from Grand Metropolitan for I£63m.

Turnover moved up 30 per cent to I£551.4m (I£423.8m).

Mr Stephen O'Connor, managing director, described the result as the group's "best year ever". He said further profits growth was anticipated for 1993, as a result of a full year's contribution from the Express acquisitions and new investments made in plant which would bring improved margins.

Profit margin in 1992 improved to 5.3 per cent and that would further widen "towards 10 per cent" as the group's focus shifted away from "commodity products to ones with greater value-added", he said.

Group borrowings more than doubled to I£106m as a result of the acquisitions. Gearing now stood at 78 per cent (56 per cent), although interest cover remained at 3.3 times. Priorities for 1993 would be the consolidation of the new businesses within the group and the use of cash flow to improve gearing.

On a longer time-frame of three to four years, Mr O'Connor said the group would continue to expand "through organic growth and acquisition . . . there is substantial scope to expand in the UK and the US".

Earnings per share, before goodwill amortisation equal to 1.04p, rose 8 per cent to 10.06p (9.27p).

The dividend is raised 4 per cent; a final of 1.58p makes a total of 2.73p (2.625p) on increased capital.

NEWS DIGEST

Further pay cut for Tesco chief

A FURTHER fall in performance-related incentive payments left Sir Ian MacLaurin, chairman of Tesco, with emoluments for the year to February 27 1993 of £967,000.

This was the second year running that the chief of the UK supermarkets chain suffered a reduction. In 1992 his total remuneration amounted to £1m, down from £1.48m in 1991.

The figure for 1992 has been restated from £1.08m to reflect a change in accounting policy which relates the payment more closely to the results on which they are based.

● The 1992 annual report of Slough Estates reveals that Mr Graeme Elliot, former vice chairman, received £429,000 in compensation for loss of office.

How tumbles £2.3m into the red

How Group, the building services contractor, swung from pre-tax profits of £1.3m to losses of £2.28m in the year to December 31 1992. Turnover fell to £136m against £224m.

Losses on discontinued operations amounted to £3.61m but profits on continuing operations improved 33 per cent to £1.16m.

Losses per share came through at 3.96p (1.82p earnings) and the proposed final dividend is halved to 0.75p for a total of 1.5p (2.5p).

Porth little changed with £1.23m deficit

Taking exceptional losses into account Porth Group, the USM-quoted manufacturer of Christmas decorations, packaging, aerosol and frame-making products, made little progress in 1992 with a pre-tax loss of £1.23m, compared with £1.34m.

However, on turnover marginally ahead at £17.7m (£17.6m), gross profits were up from £5.07m to £5.61m giving an operating profit of £351,000 (£100,000 loss).

Exceptional costs were higher at £1.01m (£415,000).

Losses per share amounted to 6.4p (losses of 9.6p).

Tullow's production levels rising

Tullow Oil, an Irish oil and gas exploration and development company, reported a pre-tax profit of I£1.63m (I£1.59m) for the year to December 31, against a loss of I£1.24m previously. Turnover grew from I£928,000 to I£1.3m.

Earnings worked through at 1.12p (losses of 0.89p).

Dakota recovers to I£1.36m

Dakota, the Dublin-based packaging and stationery group, reported a recovery in pre-tax profits from I£144,000 to I£1.36m (I£1.33m) in the six months to March 31.

Turnover on continuing activities edged ahead from I£8.69m to I£9.41m.

The results took in exceptional profits of I£1.11m, reflecting a loss on the disposal of Technodisc in February, outweighed by a gain on fixed assets at Ormond Printing.

Earnings per share were 4.8p compared with 0.2p.

Growth at S&U restricted to 5%

S&U, the Birmingham-based consumer credit house and hosiery maker, lifted pre-tax profits by 5 per cent in the year to January 31, despite two adverse factors.

One was an exceptional cost of £134,000 in objecting to the compulsory purchase order on the central Birmingham office, and the other was the fire at the hosiery company in Leicester – the insurance claim was in preparation.

Turnover was little changed at £52.9m (£52.3m) and the profit came out at £4.52m (£4.31m). Earnings were 27.4p (25.35p) and the dividend is 10p, against 8.18p adjusting for a scrip issue; the final is 7.6p.

Shirescot asset value improves to 124.8p

Shires High-Yielding Smaller Companies Trust, which was launched on August 28 last year, announced a net asset value per share of 124.8p at March 31 against 111.5p three months earlier. Fully diluted, the values were 120.7p and 109.6p respectively.

Net revenue for the three months amounted to £97,000 equivalent to earnings of 0.78p per share basic and 0.91p fully diluted. A first interim dividend of 1p is declared.

Capital Industries £1.9m acquisition

Capital Industries is acquiring Arthur Wollacott, a printer and converter of packaging materials, for £1.9m cash.

The acquisition represents a further step in the development of Capital Industries' industrial activities. AWC operates in a related area to that of Samuel Jones, which makes and converts laminated paper products.

For the year 1992 AWC increased turnover from £2.82m to £3.1m and pre-tax profits from £299,000 to £362,000.

Britannia deficit cut to £393,000

Britannia Group, the Cheltenham-based construction and housing company, cut its pre-tax loss from £690,000 to £393,000 for the year to end-December.

Provisions were trimmed to £400,000 (£1.1m) although there was no charge for diminution of land stocks this time against £775,000 in 1991.

Turnover was up from £27.1m to £29.3m. Losses worked through at 3.8p (5p) and the net asset value per share stood at 60.7p (65.8p). There is no dividend (1p).

Bournemouth and West Hants Water

Bournemouth Water and West Hampshire Water, both owned by Biwater, the water engineering group, reported increased profits for 1992.

Bournemouth raised pre-tax profits 39 per cent to £4.75m (£3.42m) on turnover of £12.1m (£10.5m). Fully diluted earnings per share were 320p (250p) and the dividend for the year is 86p.

Pre-tax profits at West Hampshire edged up to £1.29m (£1.22m) on turnover of £8.8m (£7.9m). Earnings per share came to 152p (149p) fully diluted and a 36p dividend is proposed.

Bournemouth and West Hampshire spent £3.9m and £1.3m respectively on new projects during the year.

Growth at Capital & Regional Props

Capital and Regional Properties lifted pre-tax profit from £367,000 to £422,000 for the year to December 25, without any property sales.

Net rental and fee income rose from £4.66m to £6.03m but net interest payable also increased, from £3.09m to £3.84m. In 1991 property sales brought in £666,000 and there were exceptional costs of £85,000.

Earnings came out at 0.41p (1.26p) and the final dividend is 0.8p for a total of 1.1p (1p).

PETROFINA S.A.

Office : 52 rue de l'Industrie - B-1040 Brussels

T.V.A. No. 403.079.441 - R.C. Brussels No. 227.957

Since the necessary quorum was not reached at the Extraordinary Meeting of April 27, 1993, the Shareholders are convened to attend a second EXTRAORDINARY GENERAL MEETING, which will be held in Brussels, at 52 rue de l'Industrie, on May 14, 1993 after the Ordinary Meeting. Whatever the number of shares represented at this second meeting, resolutions will be validly taken on the original agenda, namely :

1. In article 1 of the Articles of Association, delete the words, "Formerly, it was named 'Compagnie financière belge des pétroles', company with limited liability, 'Petrofina' in abbreviated form".
2. In article 2, replace the first paragraph by the following paragraph : "The registered office of the company is established in the Brussels-Capital Region. It is currently located at 52, rue de l'Industrie, Brussels. It may be relocated within this region by resolution of the Board of Directors".
3. In article 4, replace the first paragraph by the following paragraph : "The company is established for an unlimited period of time".
4. In article 5, insert the word "voting" before the word "shares", and add this second paragraph : "The corporate capital may also be represented by non-voting shares, created by the general shareholders' meeting or the Board of Directors".
5. Insert the following article 5A :

" Every person or legal entity owning or acquiring voting shares in the company must inform the company and the Commission bancaire et financière of the number of shares held when the voting rights associated with said shares amount to 3 percent or more of all voting rights existing at the time when the event giving rise to the duty to inform occurs.

In the case of a subsequent acquisition of shares, the same information must be provided when as a result of this acquisition, the voting rights associated with said shares amount to 5 percent, 10 percent, 15 percent, or any higher multiple of 5 percent, of all voting rights existing when the event giving rise to the duty to inform occurs.

In the case of a transfer of shares, the same information must be provided when, as a result of this transfer, the number of voting rights falls below one of the above-mentioned thresholds.

To the shares owned, acquired or transferred by this person or legal entity shall be added all shares owned, acquired or transferred by :

- a third party acting in its own name, but for the account of said person or entity;
- a person or legal entity related to said person or entity;
- a third party acting in its own name, but for the account of a person or legal entity related to said person or entity.

Likewise, the numbers of shares owned, acquired or transferred by persons and/or entities who act in concert for purposes of owning, acquiring or transferring *shares to which* 3 *percent* or more *of voting rights are attached shall be added together.*

When a person or a legal entity holds, acquires or transfers the direct or indirect control, in law or in fact, of another company owning, in particular through the effect of concerted action as defined by the law, 3 percent or more of the voting shares of the company, said person or entity must so inform the company and the Commission bancaire et financière. When several persons and/or entities jointly control such a company, each of them must make this disclosure.

The above-mentioned declarations must be sent to the company and the Commission bancaire et financière at the latest the second business day after the event giving rise thereto has taken place, without prejudice to the provisions of law regarding shares acquired by inheritance, and for the threshold of 3 percent, at the latest the second business day following the date of publication of this new article 5A in the Supplement to the Belgian Official Gazette.

Without prejudice to the provisions of the law, no shareholder may exercise at any general meeting of shareholders a number of voting rights greater than that corresponding to the number of shares he has declared in accordance with the law and the present Articles of Association at least 45 days before said general meeting, it being understood that he may validly vote those shares to which are attached voting rights amounting to less than 3 percent of all voting rights existing on the date of the general meeting of shareholders,or falling between two successive thresholds".

6. (a) *Special report by the Board of Directors indicating the specific circumstances* in which it may make use of the authorized capital and the objectives it will pursue in so doing.

(b) In article 8, amend four paragraphs :

- Replace paragraph 4 by the following paragraph :

" The Board of Directors may increase the subscribed corporate capital on one or several occasions up to an amount of fifteen billion francs *according to procedures established by* the Board, *either* by *issuing voting or non-voting shares,* by *issuing debentures* convertible into shares or with subscription rights or redeemable in the form of shares, or by issuing subscription rights. The increase in capital decided pursuant to this authorization may be carried out via contributions in cash or via contributions not in the form of cash within the limits permitted by the law on companies, or via the incorporation of issue premiums or reserves, whether available or unavailable, with or without an issue of new shares".

- Replace paragraph 5 by the following paragraph : "This authorization is granted for a period of 5 years commencing on the date of publication of this new paragraph of article 8 in the Supplement to the Belgian Official Gazette".
- Replace in paragraph 8 the date of "May 11, 1990" by the date of "May 14, 1993" and the words "article 8 §2, 2° of the Royal Decree of November 8, 1989" by the words "the law on companies", and add at the end of this paragraph the words "and this also in favour of one or several specific persons, who may or may not be members of the personnel of the company or its subsidiaries".
- In paragraph 9 add the words "or power" after the word "authorization".

(c) Insert at the end of article 8 this temporary provision : "The authorization granted to the Board by resolution of the general meeting of shareholders of *May 16, 1988 shall remain in force until publication* in the *Supplement to the Belgian Official Gazette of the new authorization hereabove:.*

7. In article 9 replace the words "balance sheets" by the words "annual accounts".
8. In article 10 add the following two paragraphs :

" *The company may acquire its own shares, whether voting or non-voting, without a resolution of the general shareholders' meeting, by means of purchase or exchange, directly or through an intermediary acting in its own name but for the company's account, whenever such acquisition is necessary to avoid a grave and imminent danger to the company. This authorization is granted for a period of 3 years commencing with the date of publication in the Supplement to the* Belgian Official Gazette of the amendment to the Articles of Association adopted by the general meeting of May 14, 1993. This authorization may be renewed. Within the limits set by law, the company may dispose of shares thus acquired without a decision of the general meeting of shareholders.

The company may demand the repurchase either of all of its non-voting shares or of certain categories thereof, each category being determined by the date of issue".

9. In article 15, replace in paragraph 2 the word "three" by the word "five", in paragraph 3 the word "two" by the word "three" and in paragraphs 3 and 4 the words *"or by telegram or by telex" by the words "by telegram, by telex or by fax".*
10. In article 17, paragraph 1, delete the word "imperatively".
11. Abrogate article 21.
12. In article 23 replace the words "death or resignation of a director" by the words "vacancy of a director's post".
13. Add at the end of article 25 the following paragraph :

"Any shareholder who is a natural person and who has deposited his shares may request that his name not be included in the attendance list, but only if the voting rights associated with his shares amount to less than 0.1 percent, or any other percentage which may be fixed by Royal Decree, of the total number of voting rights existing at the time when the notice was sent or made public. To the shares deposited by a shareholder shall be added, for purposes of the present paragraph, shares deposited by persons related to this shareholder or acting in concert with him under the conditions stated in the law on companies".

14. In article 27 replace the words "in Brussels" by the words "in the Brussels-Capital Region".
15. Replace article 28 by the following text : "Notice of the meeting will be issued in accordance with the formalities prescribed by the law on companies".
16. In article 30 replace in the first paragraph the words "except as concerns amendments of the Articles of Association" by the words "without prejudice to article 32" and add in the second paragraph after the word "per" the word "voting".
17. (a) Replace paragraphs 1 through 4 of article 34 by the following paragraphs :

"From the profits of the business year, plus any amounts previously carried forward, will be deducted the amounts necessary to constitute the legal reserve and any other reserves.

From the balance, the general shareholders' meeting may decide to allocate an amount to the remuneration of the shareholders and a portion not exceeding five percent of this remuneration to the Board of Directors, the management and the executive personnel, as well as for donations.

Any surplus will again be carried forward".

(b) *In the former paragraph 5 replace the date* "1992" *by the date* "1995".

18. Empower the Board of Directors to enforce resolutions adopted and to determine the method of execution thereof. For example, the Board may made formal corrections such as using the words "law on companies" wherever the Company Law Code is mentioned, adapting references in the Articles to legal provisions which may be replaced or completed (provided that no nullification may result from failure to carry out such adaptation), deleting temporary provisions when they cease to have effect or renumbering articles.

In view of this Extraordinary Meeting, the holders of bearer shares may deposit their shares until close of business on May 11, 1993, in the institutions named for the Ordinary Meeting on May 14, 1993.

The Board of Directors.

PETROFINA S.A.

Office : 52 rue de l'Industrie - B-1040 Brussels

T.V.A. No. 403.079.441 - R.C. Brussels No. 227.957

Shareholders are invited to attend the ANNUAL GENERAL MEETING which *will be held in Brussels, at 52 rue de l'Industrie, on Friday MAY 14, 1993, at 3* p.m. (Brussels time), with the following agenda :

1. Report of the Board of Directors on the financial year 1992.
2. Auditors' report on the financial year 1992.
3. Annual accounts for the year ending 31st December 1992. Board of Directors' *proposal to the meeting to approve these annual accounts.*
4. Allocation of profits. Board of Directors' proposal to the meeting to distribute a gross dividend of 280 Belgian francs per share.
5. Discharge of Directors. Board of Directors' proposal to the meeting to grant discharge to the Directors for the performance of their duties in the course of the financial year 1992.
6. Discharge of auditors. Board of Directors' proposal to the meeting to grant discharge to the auditors for the performance of their duties in the course of the financial year 1992.
7. Statutory appointments. Board of Directors' proposal to the meeting to re-elect Comte Jean-Pierre de Launoit, Baron Paul Janssen and Pierre Jungels as members of the Board of Directors and Georges Timmerman as auditor.
8. Any other business.

The meeting room will be accessible from 2.15 p.m. onwards.

Before the meeting, at 2.45 p.m. a short film about Petrofina and affiliated companies' activities in 1992 will be shown. All shareholders are cordially invited to attend.

The bearer shares may be deposited until and included Tuesday 11, 1993, at :

Banque Bruxelles Lambert Générale de Banque
CGER Kredietbank Banque Paribas Belgique
Banque Nationale de Paris Crédit du Nord
Banque Internationale à Luxembourg Banque Générale du Luxembourg
Commerzbank Deutsche Bank Dresdner Bank ABN-Amro Bank
Crédit Suisse Swiss Bank Corporation Union Bank of Switzerland
Credito Italiano Barclays Bank (Fenchurch St., London).

The annual report is there also available.

The Board of Directors

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Interest Amount per U.S. $100,000
Note due 29th October, 1993
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◆

Agent Bank
Baring Brothers & Co., Limited

NOMURA ASIAN INFRASTRUCTURE FUND SICAV

6, avenue Emile Reuter
LUXEMBOURG
R. C. Luxembourg B34248

Notice is hereby given to the shareholders, that the

ANNUAL GENERAL MEETING

of shareholders of NOMURA ASIAN INFRASTRUCTURE FUND will be held at the registered office on Monday 7th May 1993, at *10.00 am with the following agenda:*

1. Submission of the reports of the board of directors and of the auditor.
2. Approval of the annual accounts and of the statement of operations as at December 31st, 1992 appropriation of the results.
3. Discharge of the directors.
4. Statutory appointments.
5. Miscellaneous.

The shareholders are advised that no quorum is required for the items on the agenda of the annual general meeting and that decisions will be taken on simple majority of the shares present or represented at the meeting.

In order to attend the *meeting of* NOMURA ASIAN INFRASTRUCTURE FUND SICAV the owners of bearer shares will have to deposit their shares five clear days before the meeting at the registered office of the company or with NOMURA BANK (LUXEMBOURG) S.A., 6 avenue Emile Reuter, Luxembourg.

The Board of Directors

NOTICE OF REDEMPTION

BARCLAYS

To the Holders of Series A Callable Bond Certificates issued by Barclays Private Bank & Trust Limited as Custodian relating to the 9.65 per cent. FICO Bonds due November 2, 2018

NOTICE IS HEREBY GIVEN that, pursuant to the terms of the Custody Agreement dated July 25, 1989 between Barclays Private Bank & Trust Limited, as Custodian and Goldman Sachs & Co., as Depositor of certain 9.65 per cent. FICO Bonds due November 2, 2018 and the Call Warrant Agreement dated July 25, 1989 between Barclays Private Bank & Trust Limited, as Custodian and Warrant Agent, and Goldman Sachs & Co. (the "*Call Warrant Agreement*"), *Barclays Private Bank & Trust Limited* will, subject as provided below, on May 4, 1993 redeem U.S.$8,025,000 principal amount of Series A Callable Bond Certificates (the "Bond Certificates") at the redemption price of U.S.$1,016.25 for each U.S.$1,000 principal amount redeemed (U.S.$8,155,406.25 in aggregate). The principal amount of Bond Certificates redeemed, being 4.0125 per cent. of the principal amount of Bond Certificates in issue, will be allocated equally between, and deducted from the principal amount of, all Bond Certificates in issue.

The principal amount of Bond Certificates redeemed will be reduced, and the redemption price will be reduced proportionately, if and to the extent that any Series A Warrants issued under the Call Warrant Agreement, in respect of which exercise notices have been delivered pursuant to the Call Warrant Agreement, are not duly exercised. The amount of any such reduction will be allocated equally between all Bond Certificates in issue.

The said redemption price will become due and payable to Holders on the date on which Barclays Private Bank & Trust Limited receives an amount equal to the said redemption price pursuant to exercise of the Series A Warrants. Interest shall cease to accrue on the principal amount of Bond Certificates redeemed on May 2, 1993.

Barclays Private Bank & Trust Limited
(Formerly Barclaytrust International Limited)
April 28, 1993

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De Beers – holding the diamond world in balance

Points from Julian Ogilvie Thompson's 1992 Chairman's Statement

The year was a testing one for De Beers and the whole diamond industry. Nevertheless we came through with stability restored in the market – proof once again of the efficacy of De Beers' system of single channel marketing for rough diamonds and of the commitment of the world's major producers to that system.

It is especially at times like these that the Central Selling Organisation (CSO) fulfils the function for which it was created and proves its worth, not only to producers but to all sections of the industry which benefit from its stabilising role.

The diamond market

In the second half of 1992 the market was influenced by two crucial factors: the widely forecast upturn in world economic activity failed to materialise and the surge in illicit production and theft of diamonds from Angola. The combined effect was to curtail demand for rough diamonds from the CSO below the level forecast for 1992.

De Beers/Centenary immediately took steps to stabilise the situation and to strengthen the balance sheet by restricting the increase in diamond stocks and borrowings: we signalled a probable reduction in the year's profits and final dividend; we reduced deliveries from contracting producers under the quota system by 25%; we held back those diamonds in weak demand and made substantial purchases on the open market – testimony to our financial strength.

By early 1993 balance had been restored in the cutting centres and the February price increase was readily absorbed. The increase was mainly in the size ranges above three quarters of a carat, reflecting strong demand in these categories. CSO sales during the first three sights of 1993 have been very good – although influenced by a number of exceptional factors, which are unlikely all to persist.

Venetia mine

Central to De Beers' ability to stabilise the market during difficult times is its status, together with its close associates and partners, as the world's largest producer of gem diamonds by value.

Non-group producers might be less confident that the CSO could perform its essential and historic role, and thus preserve the single channel marketing system, if they were not sure that the major part of the world's production was solidly linked to De Beers.

That link was strengthened by the commissioning of South Africa's newest diamond mine. Venetia was officially opened in August 1992 by our former Chairman Mr. H.F. Oppenheimer.

In terms of technical innovation, plant design and environmental practices, Venetia has set new standards for the industry. It will be an important long term contributor to De Beers' profits, and will ensure the continuity of direct De Beers' production in South Africa.

Prospects

Overall retail sales in the major markets in 1992 matched those of the previous two years both in dollar value and pieces sold, although sales were slightly down in local currency terms. Signals from the retail markets are mixed, but it is encouraging that in these difficult times diamond jewellery sales have been maintained. Consumer attitudes to diamonds remain strong and the mood in the cutting centres is cautiously optimistic.

Our balance sheet remains extremely strong and the burden of stocking is being shared between ourselves and the other producers. We shall continue to fulfil our traditional role of stabilising the diamond market in the interests of all. Our industry is soundly based and well placed to prosper as soon as world economic activity again gathers momentum.

The full Chairman's Statement with the Annual Reports of the two Companies for the year ended 31st December 1992 has been posted to registered shareholders. Copies may be obtained by writing to the London address below.

De Beers Consolidated Mines Ltd **De Beers Centenary AG**

De Beers Consolidated Mines Limited (Incorporated in the Republic of South Africa), London Office, 19 Charterhouse Street, London EC1N 6QP.
De Beers Centenary AG (Incorporated under the laws of Switzerland), Head Office, Langensandstrasse 27, CH-6000 Lucerne 14, Switzerland.

Fresh suitor bids for hand of jilted NY exchange

By Laurie Morse in Chicago

JUST A week after being jilted by the Chicago Board of Trade, New York's Commodity Exchange (Comex) has received a proposal to become a wholly-owned subsidiary of the New York Mercantile Exchange.

The Nymex board of directors voted to offer a $10m consolidation plan to Comex yesterday morning. The proposal would create two separate divisions at NYmex, one for metals and one for energy. Nymex members would retain exclusive rights to trade their own products but would be allowed to trade Comex metals contracts for their private accounts.

Under the deal Comex members would gain limited trading rights to new Nymex products. The merger plan, which is subject to exchange reviews and ratification by both Comex and Nymex members, would make the combined exchanges the fourth largest futures and options arena in the world, with a unique *dominance in oil* and gold. Nymex had volume of 47m contracts in 1992, while Comex had a turnover of 13m.

The CBoT withdrew its three-month-old take-over offer for the Comex in the face of strong Comex member resistance. The CBoT had failed to offer Comex members any cash for the exchange, and also refused to give them access to its own successful grain and interest rate products.

While the Nymex's $10m offer is modest, and there is historical animosity between the two New York markets, it may have a chance of success.

Comex has been forced to seek a partner because of declining volume and revenues. In addition to cash, the Nymex board today said that the plan would provide significant cost-savings.

The deal would allow the two exchanges to combine trade-clearing operations, would give Comex access to the Nymex's electronic after-hours global trading network set to be launched June 24, and would allow the two exchanges to seek combined trading space outside their current quarters in New York's World Trade Center.

Iran to buy palm oil

By Kieran Cooke

IRAN IS to buy 100,000 tonnes of palm oil from *Malaysia*, according to Mr Lim Keng Yaik, Malaysia's minister for primary industries. The order, worth M$130m (US$50m), will be undertaken under Malaysia's palm oil export credit scheme.

Under the export credit scheme, which has been in force for the past two years, countries who buy at least 200,000 tonnes of Malaysia's palm oil in one year are given up to two years to repay. China, India, Pakistan, Russia, Algeria and Egypt have all been offered the facility but to date only Pakistan and *Algeria* have taken it up.

Iran was offered the facility following a recent visit there by Dr Mahathir Mohamad, Malaysia's prime minister. It is not clear whether Iran has agreed to buy a further 100,000 tonnes of palm oil this year in order to conform to the terms of the credit arrangements or whether Malaysia has relaxed its rules on the scheme in an effort to encourage more exports.

De Beers prepares to boost diamond supplies

By David Blackwell

DE BEERS, the South African group that controls about 80 per cent of the world diamond market, yesterday responded to an improvement in the world diamond market by increasing the amount it will buy from producers.

Last autumn the group, which organises the market through the London-based Central Selling Organisation, told producers to cut agreed deliveries by 25 per cent as it struggled to bring supply and demand back into balance. Last year its sales fell by 13 per cent from 1991 levels to $3.147bn – a five-year low.

In February this year, however, De Beers was able to increase its prices by an average of 1.5 per cent – the first rise for nearly three years. Yesterday the group said that "in line with the changing relationship between anticipated CSO sales for 1993 and potential supply, the 75 per cent quota entitlement will be increased to 80 per cent with effect from May 1".

Mr Julian Ogilvie Thompson, the group's chairman, said that while the increase was not large, it showed the market was better than when the quota was imposed last August. He said the first three "sights", as its sales are known, were "very good". The next is due next week.

The improved *market is put* down to reduced smuggling from Angola because of the rainy season and the resumption of the civil war; slow sales from Russia, particularly before it lifted the 20 per cent export duty; and buoyant demand from India, which had increased sales to the US. Retail signals were mixed, said Mr Ogilvie Thompson, but it was encouraging that diamond jewellery sales had held up despite the recession.

Pumping up profits at BP's Andean fortress

Christina Lamb visits a Colombian oil production facility that looks more like a military installation

AT FIRST sight it looks like a military installation. But beyond the khaki-clad figures manning machine guns from sandbagged tents, and the two rows of flood-lit razor-wire, lie the hopes of oil giant British Petroleum for improving its ailing fortunes.

The Cusiana 2A production facility is one of a series of heavily guarded oil rigs nestling incongruously in the rolling foothills of Casanare in Colombia's eastern Andes. An area until recently inhabited only by Angus cows and subsistence farmers, the rigs mark the discovery last year that Casanare was sitting on an underground sea of 2bn barrels of oil. BP's richest find since the early 1970s, the Cusiana-Cupiagua field adds 5 per cent to the company's world-wide reserves and is the basis for Colombia's aims of doubling its oil production.

Oil companies are used to operating in difficult conditions but, as the elaborate security measures at Cusiana 2A illustrate, BP Colombia faces an unusual problem. Cusiana is on the front line of the Colombian government's long-running battle against guerrillas – a prime target of the nominally Marxist groups who explode pipelines in an attempt to force out multinationals from the country's vast, violence-ridden backlands.

Although Cusiana is on land *only 60 km (100 miles) east of* the capital, its rigs are run like offshore facilities with workers staying on site for 28 days and then helicoptered off. Mr Phil Mead, operations manager, says, "It's very frustrating for our people working out there that they can't just drop round to the local hacienda or go out to a bar".

However the government and oil companies have a shared interest in combatting terrorism. Not only is President Cesar Gavriria anxious to end the violence that so mars the country's reputation, but oil represents 22 per cent of Colombia's export earnings and half of last year's foreign investment, making the industry a vital key to future prosperity.

"There is a real synergy – the government and foreign companies have the same goal," says a presidential adviser. He points out that the oil is in areas where the government is weak and the population poor and thus susceptible to guerrillas. In Casanare, for example, half the population is below the poverty line. "Not only could oil money help development of these areas," the adviser explains, "but the oil companies can help the government reduce terrorism by providing an alternative source of income."

As its own investment in the oil industry, the government has installed an army battalion at Yopal, the capital of Casanare, to protect BP and its partners Total and Triton, and is offering sizeable bounty for information leading to the capture of guerrillas. It is now illegal for companies to pay protection money, on pain of expulsion, reinforced at frequent meetings between military high command and business leaders.

The new measures are already showing results. So far this year there have been seven pipeline explosions – a big drop from last year's 56, which cost state oil company Ecopetrol $100m in lost sales.

To operate without paying off guerrillas, companies must win over local communities using *what Mr Harding* calls a "hearts and minds strategy". He explains that "we are working with the peasants and farmers to help them understand that the benefits for them lie with helping the oil companies and not the other side". To do this BP has public relations officers based at rigs to go out explaining what they are doing. The company supports community projects in 55 villages and gave jobs last year to 2,500 local people.

Winning over local inhabitants is also crucial for acquiring seismic data. Mr Tony Hayward, exploration manager, points out that "it is much harder to protect 2,000 people scattered over a large area than fixed installations".

LAST December BP began an innovative system, establishing a series of local co-operatives from which the seismic company contracts labour for removing vegetation, cutting and drilling lines and placing dynamite, the latter kept under army guard. "This has been very successful in letting us do our work while bringing money into local communities," Mr Hayward says. "We now have no security problems because the locals have a vested interest in seeing this work carried out."

Security is not BP's only headache. According to Mr Hayward the light crude produced is of "top quality – Latin America's only low sulphur metal free oil". But it lies at depths of 14,000 to 16000 feet and drilling conditions are very difficult because of the mountainous terrain. Tectonic pressures cause hole instability making it slow work and the casing frequently collapses or the pipe sticks.

Cusiana 2a took 18 months to reach its target. However, for new wells the time has been considerably reduced; the completion target for the latest well Los Cedros is 65 days at a cost of $8m, compared with last year's average of $20m.

Of the six wells completed so far on Cusiana and Cupiagua only Buenos Aires 1 is currently in production – producing 10,200 barrels a day since last September. The field will be declared commercial next month, triggering off a $1.1bn investment programme to boost production to 150,000 b/d by 1995 – the maximum under current *pipeline limitations. As* a 19 per cent equity holder BP's share will be about $200m, on top of the $250m it has invested since arriving in 1986.

According to Mr Nick Connolly, BP's Commercial manager for Latin America, under phase II of the project production will rise to between 600,000 and 800,000 b/d by 1998. For this a new pipeline must be built – no easy task as it must cross two mountain ranges to reach the port of Covenas. Estimated total investment over the next four to five years is $4.8bn.

The Cusiana production will make Colombia the second largest oil exporter in Latin America and provide an estimated annual revenue of $4bn-5bn, pushing the country's annual growth rate from last year's 3.6 per cent to more than 5 per cent. This is causing some worry among directors of Colombia's Central Bank who fear having to revalue the peso.

In fact production may be higher. While refusing to give specific figures, BP officials believe that the estimate of 500,000 b/d for Cupiagua where only two wells have been spudded so far is low. Mr Hayward says, "this is one of the hottest patches in the whole oil industry. *There is a definite upside* but we don't yet know how much". He believes the trend continues to the north into the Piedemonte area, which BP owns 100 per cent. The company plans to drill two wells there this year.

Operating in Colombia may present unusual challenges but for BP security measures are just part of the production cost. The company employs more than 600 security officers, and Mr David Harding, chief executive for Latin America, has to travel in a bullet-proof car with guards and motorcycle outriders.

"We believe its worth it," he says. "We're here for the long term."

The mountainous terrain makes drilling very difficult.

Timber growers attack Forestry Commission privatisation plan

By James Buxton, Scottish Correspondent

THE PRIVATISATION of the Forestry Commission's woodlands – now under discussion by a government committee – was "not a subject which the forestry industry wanted on the agenda at this time", the chairman of Timber Growers UK, which represents private woodland owners, said yesterday.

Mr Andrew Christie-Miller said that it was vital for the government and the industry to produce together a national *forestry strategy to take* forestry into the next century as a part of an overall land use strategy for the UK.

The industry had to be consulted in the review, he said. "If not we'll have a solution thrust on us that almost certainly won't be to our liking," Mr Christie-Miller said.

Last month Mr Ian Lang, Scottish secretary, revealed that a committee of civil servants was reviewing options for the "ownership and management of Forestry Commission woodlands", and was reviewing the effectiveness of forestry investment incentives.

Mr Christie-Miller told the annual meeting of TGUK: "We have to be politically aware of the considerable pressures within government for privatisation. My view is that current government philosophy suggests that it is now more a question of when rather than if [the Forestry Commission's woodlands are privatised].

"We are not abandoning our friends in the commission – merely trying to steer the debate in the best interests of the whole industry," he explained.

The forestry owners are concerned that the question of privatising the Forestry Enterprise, the part of the Forestry Commission that owns and manages its forests, will arouse political controversy and divert attention from what it considers the more important issue of agreeing a new set of objectives for forestry and incentives to revive tree planting.

They are also worried about the lack of formal consultation by the committee which is chaired by the Scottish Office, with representatives from the Treasury, the No 10 Downing Street policy unit, the Forestry Commission and several other *ministries*.

The privatisation of Forestry Enterprise was denounced at the meeting as "a silly piece of dogma" by Mr Patrick Gordon-Duff-Pennington, chairman of the official Red Deer Commission and former convener of the Scottish Landowners Federation.

"We don't like the dogma that is being thrust down our throats. The government is talking rubbish," he said.

The Forestry Commission, he said, was "bloody marvellous" under its chairman Sir Raymond Johnstone and its director-general Mr Robin Cutler.

MINOR METALS PRICES

Prices from Metal Bulletin (last week's in brackets).

ANTIMONY: European free market 99.6 per cent, $ per tonne, in warehouse, 1,640-1,700 (same).

BISMUTH: European free market, min. 99.99 per cent, $ per lb, tonne lots in warehouse, 2.30-2.40 (same).

CADMIUM: European free market, min. 99.5 per cent, $ per lb, in warehouse, 0.35-0.45 (same).

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 14.70-15.30 (14.85-15.30).

MERCURY: European free market, min. 99.99 per cent, $ per 76 lb flask, in warehouse, 120-140 (same).

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 2.20-2.25 (same).

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse, 4.70-5.40.

TUNGSTEN ORE: European free market, standard min. 65 per cent, $ per tonne unit (10 kg) WO_3, cif, 28-41 (31-43).

VANADIUM: European free market, min. 98 per cent, $ a lb V_2O_5, cif, 1.45-1.55 (1.50-1.60).

URANIUM: Nuexco exchange value, $ per lb, U_3O_8, 7.45 (same).

LME WAREHOUSE STOCKS (As at Monday's close) tonnes

Aluminium	+3,075	to 1,774,825
Copper	+6,275	to 398,375
Lead	-1,850	to 248,100
Nickel	+948	to 88,398
Zinc	+1,500	to 821,675
Tin	+395	to 20,545

WORLD COMMODITIES PRICES

MARKET REPORT

Precious metals prices slipped from morning levels as gold, which had led the rally, fell from its highs on profit-taking. GOLD was fixed at $351.40 a troy ounce in the afternoon, $1.40 lower than the morning's eight-month high fix of $352.80. But dealers said gold's upside target was still around $360. They also said that following Sir James Goldsmith's large purchase of gold options, the underlying market could expect a period of increased volatility. SILVER also fell in afternoon trade after fixing at a ten-month high of 410.25 cents. London's robusta COFFEE futures closed higher as the market's sharp reversal of its downward trend continued, aided by more constructive indications on both fundamentals and charts. The drop of more than 100,000 60-kilo bags in the latest US certified stock figures and the good absorption of May New York arabica delivery notices helped to fuel the upward move. Short-term charts were also seen as reasonably constructive, with technicians looking for e close above 60.50 cents a lb for New York's July contract to reinforce bullish formations. There has been little sign of origin selling.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)(May)		+ or -
Dubai	$18.28-8.39u	-0.04
Brent Blend (dated)	$18.51-8.55	-0.05
Brent Blend (Jun)	$18.83-8.87	-0.05
W.T.I (1 pm est)	$20.24-0.27u	-.015
Oil products (NWE prompt delivery per tonne CIF		+ or -
Premium Gasoline	$210-212	+1
Gas Oil	$180-182	-1
Heavy Fuel Oil	$78-79	+0.5
Naphtha	$181-182	+0.5
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$350.55	-0.95
Silver (per troy oz)♣	406.5c	-0.5
Platinum (per troy oz)	$375.25	-2.75
Palladium (per troy oz)	$115.75	-1.5
Copper (US Producer)	90.0c	
Lead (US Producer)	33.50c	
Tin (Kuala Lumpur market)	14.11r	-0.05
Tin (New York)	258.5c	
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	135.65p	+0.43*
Sheep (live weight)†♠	136.81p	-3.96*
Pigs (live weight)†	67.92p	-2.83*
London daily sugar (raw)	$306.30	+8.8
London daily sugar (white)	$309.0	+4
Tate and Lyle export price	£305.50	+6.5
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	£164.5	
Wheat (US Dark Northern)	Unq	
Rubber (Jun)♥	38.00p	-0.5
Rubber (Jul)♥	56.25p	-0.75
Rubber (KL RSS No 1 May)	210.0m	
Coconut oil (Philippines)§	$402.5y	-7.5
Palm Oil (Malaysian)§	$375.0u	-2.5
Copra (Philippines)§	$257.5	-2.5
Soyabeans (US)	£178.0z	+1
Cotton "A" index	51.05c	+0.1
Wooltops (64s Super)	340p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Jul/Aug u-May. z-Apr/May v-Jun ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♠Sheep prices are now live weight prices * change from a week ago, provisional prices.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
May	275.00	265.00	274.00
White	**Close**	**Previous**	**High/Low**
Aug	315.00	314.50	315.00 306.00
Oct	301.50	300.50	301.00 393.00
Dec	398.50	297.40	394.00

Turnover: Raw 2 (1) lots of 50 tonnes. *White 971 (1356) Paris- White (FFr per tonne):* Aug 1656.86 Oct 1606.98

CRUDE OIL – IPE ($/barrel)

	Latest	Previous	High/Low
Jun	18.84	18.90	18.90 18.82
Jul	18.88	18.89	18.90 18.84
Aug	18.96	18.97	18.98 18.94
Sep	19.01	19.04	19.03 19.00
Oct	19.03	19.08	19.04 19.03
Nov	19.09	19.11	19.10 19.06
Dec	19.12		19.13 19.09
Jan	19.10	19.11	19.11 19.10
IPE Index	18.86	18.82	18.86 18.86

Turnover 12237 (12778)

GAS OIL – IPE ($/tonne)

	Close	Previous	High/Low
May	178.75	177.75	177.75 176.75
Jun	174.00	174.75	175.00 174.00
Jul	173.75	174.25	174.75 173.50
Aug	174.75	175.25	175.50 174.75
Sep	176.50	176.75	177.00 176.50
Oct	179.25	179.75	179.75 179.25
Nov	181.25	181.25	181.50 181.00
Dec	183.00	183.00	183.00 182.50
Jan	182.75		182.00

Turnover 8164 (7452) lots of 100 tonnes

JUTE

C and F Dundee, BTC US$345, BWC US$370, BTD US$315, BWD US$335. C and F Antwerp, BTC US$330, BWC US$330, BTD US$305, BWD US$305,

COTTON

LIVERPOOL- No spot or shipment sales were recorded for the week ended 23 April. Against 164 tonnes in the previous week. Activity was severely restrained and business was on narrow lines. High cost of raw cotton deterred users from increasing their purchases

COCOA – London FOX (£/tonne)

	Close	Previous	High/Low
May	674	666	674 669
Jul	689	680	690 683
Sep	701	693	702 695
Dec	720	712	721 715
Mar	739	731	741 734
May	754	746	754 748
Jul	766	759	767 767
Sep	782	773	783 781
Mar	826	818	830 825

Turnover: 4719 (3576) lots of 10 tonnes

ICCO indicator prices (SDRs per tonne). Daily price for Apr 28 719.74 (719.90) 10 day average for Apr 27 720.69 (721.30)

COFFEE – London FOX ($/tonne)

	Close	Previous	High/Low
May	906	887	910 899
Jul	900	875	905 890
Sep	895	874	898 885
Nov	889	881	887 882
Jan	883	887	883 899
Mar	910	897	

Turnover: 5027 (2445) lots of 5 tonnes

ICO indicator prices (US cents per pound) for Apr 26: Comp. daily 52.22 (50.63) 15 day average 50.52 (50.48)

POTATOES – London FOX (£/tonne)

	Close	Previous	High/Low
May	54.0	51.0	56.0 51.1
Apr	66.0	65.5	65.0 64.5

Turnover 137 (37) lots of 20 tonnes.

SOYAMEAL – London FOX (£/tonne)

	Close	Previous	High/Low
Jun	-	169.00	-

Turnover 51 (50) lots of 20 tonnes.

FREIGHT – London FOX ($10/index point)

	Close	Previous	High/Low
Apr	1540	1540	1540
May	1545	1540	1535 1525
Jun	1415	1420	1420 1415
Jul	1292	1300	1300 1292
Oct	1407	1406	1407 1405
Jan	1430	1430	1440 1430
BFI	1537	1530	1537

Turnover 228 (344)

GRAINS – London FOX (£/tonne)

Wheat	Close	Previous	High/Low
May	144.20	144.50	144.30 144.10
Jun	145.85	146.00	145.85 145.85
Sep	108.00		108.00
Nov	110.35	109.65	110.35 109.70
Jan	112.70	112.70	112.70 112.70
Mar	115.40	115.00	115.40 115.30
May	118.60	118.00	118.60
Barley	**Close**	**Previous**	**High/Low**
May	139.65	140.00	139.65
Sep	106.50		106.50
Nov	109.05	109.00	109.35 109.05

Turnover: Wheat 170 (597). Barley 12 (91).

Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
May	112.0		111.5
Jul	103.5		103.0

Turnover 2 (3) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 37,037 lots
Cash	1110.5-11	1105.5-06.5	1109.5	1109.5-10		
3 months	1133-34	1128.5-29	1138/1129	1132.5-33	1137.5-38	167,128 lots
Copper, Grade A (£ per tonne)						Total daily turnover 53,001 lots
Cash	1188-89	1192-93	1189.8/1188.5	1188-88.5		
3 months	1219-20	1212-13	1220/1209	1208-09.5	1220-21	182,417 lots
Lead (£ per tonne)						Total daily turnover 4,745 lots
Cash	270.5-71.5	269.5-70.5		271-71.5		
3 months	280-81	279-79.5	280.5/279.5	280-80.5	280-80.5	20,737 lots
Nickel ($ per tonne)						Total daily turnover 4,725 lots
Cash	6020-30	6105-15		6015-20		
3 months	6085-90	6175-80	6160/6065	6082-85	6070-75	47,472 lots
Tin ($ per tonne)						Total daily turnover 1,975 lots
Cash	5570-80	5590-600		5575-80		
3 months	5630-35	5640-45	5635/5620	5635-40	5630-35	8,874 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 18,750 lots
Cash	1008-13	1009-10	1611/1010.5	1011-11.5		
3 months	1029-30	1028-29	1032/1028	1030-31	1031-32	66,583 lots

LME Closing £/$ rate: SPOT: 1.5780 3 months: 1.5669 6 months: 1.5564 9 months: 1.5463

LONDON BULLION MARKET (Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent
Close	350.40-350.70	
Opening	351.80-352.10	
Morning fix	352.80	222.545
Afternoon fix	351.40	221.934
Day's high	353.30-353.60	
Day's low	350.40-350.70	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	2.52	6 months	2.39
2 months	2.48	12 months	2.33
3 months	2.44		

Silver fix	p/troy oz	US cts equiv
Spot	258.20	410.25
3 months	261.90	413.20
6 months	265.90	416.50
12 months	273.95	423.55

GOLD COINS

	$ price	£ equivalent
Krugerrand	352.50-355.50	222.00-224.00
Maple leaf	361.00-363.30	-
New Sovereign	83.50-86.50	52.00-54.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Jun	Sep	Jun	Sep
1075	52	80	4	10
1100	33	62	9	16
1125	19	46	20	25
Copper (Grade A)	**Calls**		**Puts**	
1800	124	152	21	38
1850	80	129	36	56
1900	62	93	56	78
Coffee	**Jul**	**Sep**	**Jul**	**Sep**
850	65	61	15	36
900	36	55	36	60
950	16	37	68	92
Cocoa	**Jul**	**Sep**	**Jul**	**Sep**
700	19	43	30	42
725	12	33	48	57
750	7	25	68	74
Brent Crude	**Jun**	**Jul**	**Jun**	**Jul**
1850	44		9	23
1900	13	33	29	
1950	3	15		77

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Apr	351.2	352.8	352.5	381.4
May	351.4	353.1	0	0
Jun	352.1	353.8	354.0	351.7
Aug	353.5	355.2	355.3	353.1
Oct	354.9	356.5	356.0	354.9
Dec	356.2	357.6	356.0	356.0
Feb	357.7	359.3	356.8	357.2
Apr	359.1	360.7	0	0
Jun	360.6	362.1	360.8	360.6

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Apr	381.3	380.7	383.0	381.5
Jul	376.3	377.2	377.5	373.6
Oct	375.3	376.0	376.0	374.0
Jan	374.5	375.2	376.0	372.5
Apr	374.2	375.0	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Apr	408.7	406.5	408.0	408.0
May	408.7	406.5	412.0	404.5
Jun	410.0	407.8	408.5	408.5
Jul	411.8	409.3	415.0	407.5
Sep	414.3	412.0	417.0	411.0
Dec	418.4	416.0	421.5	414.0
Jan	418.9	416.5	0	0
Mar	422.5	420.1	425.0	418.0
May	425.0	422.7	424.0	421.0
Jul	428.1	425.8	427.0	427.0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	84.85	84.85	84.75	84.60
May	84.75	84.95	85.25	84.70
Jun	85.10	85.25	85.35	84.95
Jul	85.45	85.60	85.85	85.30
Aug	85.80	85.85	0	0
Sep	86.15	86.25	86.55	85.95
Oct	86.40	86.50	0	0
Nov	86.70	86.80	0	0
Dec	87.05	87.15	87.40	87.00
Jan	87.25	87.35	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Jun	20.24	20.30	20.28	20.20
Jul	20.44	20.49	20.48	20.41
Aug	20.58	20.62	20.67	20.56
Sep	20.66	20.70	20.67	20.64
Oct	20.75	20.74	20.71	20.69
Nov	20.77	20.76	20.74	20.70
Dec	20.72	20.76	20.73	20.70
Jan	20.73	20.74	20.71	20.70
Feb	20.72	20.72	20.69	20.68
Mar	20.69	20.70	20.66	20.62

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
May	55.35	55.71	55.75	55.35
Jun	55.50	55.73	55.80	55.45
Jul	55.85	56.12	56.10	55.85
Aug	56.50	56.72	56.75	56.45
Sep	57.65	57.72	57.70	57.55
Oct	58.40	58.67	58.60	58.40
Nov	59.40	59.57	59.45	59.40
Dec	60.25	60.43	60.50	60.25
Jan	60.80	60.88	60.80	60.80
Feb	60.70	60.63	60.70	60.70

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
May	927	920	927	913
Jul	955	951	960	954
Sep	983	978	985	967
Dec	1015	1015	1020	1006
Mar	1050	1044	1049	1035
May	1076	1070	1072	1072
Jul	1093	1093	1091	1085
Sep	1116	1116	1107	1103
Dec	1148	1146	1140	1140
Mar	1183	1181	1176	1168

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
May	60.85	57.75	61.00	58.25
Jul	62.15	59.15	62.40	59.30
Sep	63.90	60.90	64.00	61.10
Dec	66.80	63.85	67.00	63.90
Mar	68.50	66.20	68.00	66.50
May	70.05	67.35	69.40	69.40
Jul	71.90	69.15	0	0
Sep	74.00	70.75	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	12.65	12.45	12.68	11.90
Jul	12.89	12.81	13.10	12.40
Oct	12.25	12.16	12.26	11.90
Mar	11.40	11.23	11.40	11.14
May	11.30	11.16	11.30	11.10
Jul	11.30	11.16	11.30	11.15

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
May	60.25	60.95	61.20	60.25
Jul	61.75	62.43	62.88	61.70
Oct	62.38	62.60	63.00	62.35
Dec	61.47	61.48	61.95	61.35
Mar	62.41	62.55	62.80	62.45
May	63.23	63.15	0	0
Jul	63.60	63.55	63.70	63.70
Oct	63.40	63.25	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	88.40	87.65	88.50	86.25
Jul	91.90	91.30	92.00	89.65
Sep	94.60	94.05	94.90	93.00
Nov	97.05	96.30	97.40	95.50
Jan	100.05	99.50	100.05	98.50
Mar	161.66	161.20	0	0
May	101.55	101.90	0	0
Jul	161.55	161.90	0	0
Sep	161.55	101.90	0	0

INDICES

REUTERS (Base:September 18 1931 = 100)

Apr.27	Apr.26	mnth ago	yr ago
1657.7	1653.9	1724.6	1610.7

DOW JONES (Base: Dec. 31 1974 = 100)

	Apr.26	Apr 23	mnth ago	yr ago
Spot	125.16	120.78	N/A	119.35
Futures	121.80	124.47	N/A	116.27

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
May	592/4	595/0	595/6	592/0
Jul	594/4	597/4	596/4	593/8
Aug	595/6	599/0	600/0	595/4
Sep	595/6	600/2	600/6	596/0
Nov	600/4	603/6	604/6	599/6
Jan	607/0	610/4	611/0	606/6
Mar	613/6	617/2	617/4	613/4
May	617/2	620/4	621/0	617/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
May	21.17	21.39	21.40	21.12
Jul	21.42	21.68	21.70	21.37
Aug	21.54	21.80	21.76	21.51
Sep	21.65	21.90	21.91	21.63
Oct	21.76	22.01	22.00	21.76
Dec	22.01	22.25	22.25	21.98
Jan	22.10	22.33	22.25	22.10
Mar	22.25	22.50	22.40	22.22

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
May	186.5	185.5	186.9	186.3
Jul	186.7	186.7	187.9	186.2
Aug	187.2	187.2	188.3	186.8
Sep	187.6	188.1	189.0	187.5
Oct	188.2	188.7	189.3	188.0
Dec	189.6	190.4	191.2	189.3
Jan	190.0	191.0	191.2	190.0
Mar	190.6	191.5	192.0	190.5

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
May	223/0	225/4	225/6	222/4
Jul	228/0	231/0	231/4	227/6
Sep	232/2	235/4	235/4	232/0
Dec	236/2	240/2	240/0	238/0
Mar	243/4	247/0	246/4	243/2
May	247/4	251/0	249/6	247/2
Jul	251/4	254/2	253/6	251/0
Dec	247/4	249/0	250/0	247/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
May	347/4	352/2	352/0	346/0
Jul	299/6	293/6	301/0	297/2
Sep	302/6	303/2	304/4	300/4
Dec	313/2	313/2	314/4	311/0
Mar	318/2	318/4	319/4	316/2
Jul	316/0	317/0	317/0	313/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jun	76.650	76.225	76.850	76.300
Aug	73.575	73.575	73.775	73.425
Oct	74.225	74.075	74.300	74.075
Dec	74.475	74.400	74.575	74.375
Feb	73.875	73.800	74.100	73.850
Apr	75.000	75.050	75.123	74.975
Jun	72.375	72.800	72.600	72.375

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Jun	52.050	51.775	52.225	51.450
Jul	51.150	50.750	51.300	50.300
Aug	48.675	48.375	48.850	48.025
Oct	43.100	42.800	43.150	42.600
Dec	44.050	43.900	44.075	43.700
Feb	44.250	44.200	44.250	44.100
Apr	43.000	42.800	43.000	42.800
Jun	47.600	0	47.600	47.000

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
May	45.975	46.225	46.700	45.400
Jul	46.875	47.375	48.050	46.375
Aug	44.800	45.200	46.000	44.250
Feb	42.075	42.150	42.850	41.800
Mar	41.100	41.100	0	0
May	43.500	44.000	0	43.500

LONDON STOCK EXCHANGE

Shares turn higher towards the close

By Terry Byland, UK Stock Market Editor

THE PICTURE suddenly brightened towards the close of dealings on the London stock market yesterday when gilt-edged prices turned firmer, signalling a more optimistic view of today's auction of £3bn of government securities. Also helping share prices was the official US support for the dollar, which reversed an initial gain in the pound, and also a sizeable buy programme of UK equities from a leading US investment bank.

While trading volumes remained unexciting, the FT-SE 100 index bounced successfully at 2,812 to replace its early loss of 10 points with a gain of similar proportions. The final reading put the index at 2,832.7, a net rise of 10.4. Stock index futures helped to fuel the recovery in equities.

The London market was surprised by the appearance of the buying programme from the US because much of its recent weakness appeared to originate from across the Atlantic. An estimated value of around £125m was put on the programme, in which the battered pharmaceutical sector rated highly; some looked for favourable developments on the Clinton administration's health-care plans.

Earlier in the day, one of the leading London-based securities houses also operated a large programme. Since many of the trades in both programmes were protected trades, the details did not appear on the trading screens until the end of the session, when they spurred the general recovery.

The programmes helped to boost equity turnover, as reported by the Seaq system, to 596.6m shares yesterday from the 491.9m recorded on Monday, when retail business only just scraped above the £1bn mark now established as a daily minimum. Dealers are hopeful that equities will regain the centre of the stage when today's gilt-edged auction is out of the way.

With the recent outbreak of bid speculation less active yesterday – United Biscuits came off the boil – the market returned its attention to the basic prospects of the economy and of corporate earnings.

Once again, the stock market paid little heed to signs of economic optimism, making scant response to the latest industrial trends survey by the Confederation of British Industry, which said that business confidence had shown its highest monthly rise for a decade. Corporate trading figures from the retail and building sectors brought no surprises for equities.

Caution regarding the market outlook was expressed at an investment conference hosted in London by Kleinwort Benson Securities. The consensus of fund managers was that the FT-SE 100 would be 7 per cent higher at 3,040 at the year-end, and 13 per cent up at 3,190 in 12 months' time.

Potential problems of liquidity were raised by managers' inclinations to increase holdings of Japanese equities, with London perhaps vulnerable in view of impending cash demands for the government's funding programme, as well as for planned fund-raising in equities by Zeneca and BT.

Against this backcloth, strategists pointed out that this week has seen the Footsie drift down towards the low end of its trading range and a recovery was to be expected; the question remains whether the market can successfully challenge the existing year's high points in the 2,867 area.

TRADING VOLUME IN MAJOR STOCKS

[illegible]

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

Setback for CU shares

THE IMPACT of last Saturday's bomb explosion continued to reverberate in the City as Commercial Union shares fell sharply on the disclosure that the insurer has not taken out reinsurance cover for terrorist attacks on its pre-1993 policies.

CU said yesterday that it was lead insurer for the NatWest Tower and for the Hongkong Bank building. "CU has scored a rather spectacular own goal," said one leading insurance analyst.

The company is thought by insurance specialists to be liable for losses greater than the £15m it paid out for the bomb damage caused by an IRA attack in the City of London last year. Analysts are expected to cut current year profits estimates for CU by between £30m and £50m, although the latter figure is seen as a worst case figure.

On Monday, the composite sector gave ground, but more on the overall market decline than any worries about Saturday's bomb, which dealers then believed would have only limited impact on the insurers. Following the 1992 bomb attack in the City, the insurance companies set up Pool Re, a mutual reinsurance company, to manage a joint terrorism fund.

CU dropped 15 to 593p yesterday, although turnover was an unspectacular 994,000 shares.

Drug shares busy

Pharmaceutical issues moved sharply higher in late afternoon trading following a surge of buying in New York yesterday. London dealers of internationally traded stocks said the market was enlivened by suggestions that the proposed US reforms would be watered down.

Dealers said there had been suggestions that the reforms would be delayed. They added that any delays in the impending health service reform which has formed one of the main planks of the Clinton administration made it more likely that changes would be watered down. There was further support from a £125m programme trade; said to have been carried out by Goldman Sachs and featuring drug stocks heavily. Glaxo advanced 17 to 594p and SmithKline Beecham added 14½ at 460½p.

ICI market

Official turnover in ICI shares was cut by the opening of a new unofficial market offering prices for the two parts of the company due to be split shortly.

US brokerage Salomon Brothers was yesterday offering a price for Zeneca, the bioscience side of ICI, of around 705p. For the new slimmed down ICI the firm was quoting 525p in early trading, rising to 535p by the close.

The "grey" market is expected to run until May 28. Demerged Zeneca is set to see its shares begin trading on June 1 following a £1.3bn rights offer. No other securities houses were said to be quoting prices yesterday, although some conceded that there had been considerable institutional interest, particularly from the US. The joint valuation of 1240p is in line with many forecasts, but some analysts said the split undervalued the chemicals side and overvalued Zeneca. ICI shed 3 to 1234p on turnover of 1.5m.

Owners visit

Rumblings of dissent were being heard in the leisure sector as analysts returned from a visit to downgrade Owners Abroad, the tour operator which recently fought off a hostile bid from rival Airtours. Part of Owners' defence was its bullish outlook on trading and the cost savings after its tie-up with Thomas Cook.

While the company was said to be positive on current trading, some analysts expressed surprise at the size of the exceptional cost items, including the defence costs from the bid and reorganisational costs from the Thomas Cook deal. Most downgraded their forecasts by between £3m to £6m, to a range of £27m to £33m for 1993. Profits last year were £25m. "If we had known the size of these extra cost figures during the bid, Airtours would have walked it," said one disgruntled analyst. Owners shares shrugged off the negative talk and stayed steady at 111p. Airtours was also unmoved at 286p.

Stagecoach Holdings, the Scottish-based coach company, continued the long list of highly successful stock market flotations this year. The shares, placed at 112p, opened at 123p and were heavily traded all day, eventually closing at 124p. Turnover reached 13m.

There were no big surprises for the market in Tarmac's preliminary results, which showed a massive £350m loss but a maintained dividend and no rights issue.

Dealers said the big provisions had been well flagged for many weeks and the market was encouraged by the bullish statement accompanying the figures. Tarmac shares moved up 8 to 141p on high turnover of 6.5m.

Travis Perkins jumped 13 to 218p after maintaining the dividend in spite of the sharp fall in profits.

Results from Sears were in line with market expectations. BZW upgraded the stores group by £8m to £123m for 1993 and to £144m for 1994. Boots recovered from Monday's mauling over its Manoplax drug, the shares adding 5 to 469p. Analysts said the US Food and Drug Administration had put the drug back on its emergency agenda. It is to be discussed on June 3.

Asda saw hefty turnover of 33m shares and the stock drop a halfpenny 72½p. Dealers said good two-way business focused on the depth of the supermarket group's recovery.

The 395m convertible bond from Forte is likely to lead to investors switching out of the ordinary shares and into the higher yielding investment. The shares slipped 2 to 191½p.

Results from Euro Disney, the French theme park operator, were badly received and the shares lost 38 to 885p. Mr Nigel Reed at Paribas said an equity-raising exercise was vital to the heavily-indebted group as was the need to proceed with the second phase of the park's development. He suggested a convertible bond issue and help from the US Walt Disney group.

Encouraging comments by Lord Alexander, chairman of NatWest, at the bank's annual meeting in London, triggered a flurry of support for the bank's shares and helped the rest of the sector make good progress. The comment from Lord Alexander that "We are over the worst as far as UK bad debts are concerned," saw NatWest shares pick up to close a net 5 higher at 473p on relatively heavy turnover of 8.3m shares. Barclays also performed well, adding 7 at 438p 6.5m traded while Lloyds jumped 11 to 534p. HSBC, however, eased 3 to 618p. TSB gave up 2 to 187p but there remained persistent talk in the market that a European predator may still be stalking the UK bank.

Jeweller Ratners jumped 4¾ to 24¼ on turnover of 5.8m as the market reacted to rumoured good trading news from Zales in the US.

Leading textile group Coats Viyella held steady at 238p ahead of a buy note from one securities house which is due out today and said to value the shares at around 260p.

Shanks & McEwan were heavily traded after one securities house bought 5.5m shares from one institution at 183p a share and placed them with a variety of institutional clients at 186p, a 10p discount to the market price. Smith New Court, which specialises in large pre-arranged trades, made around £250,000 from the deal. Shanks fell 6 to 194p.

Troubled speciality chemicals company MTM, which saw its share price collapse last year, slipped a further halfpenny to 11¼p on suggestions of a statement today.

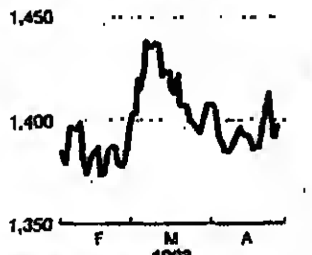
British Aerospace jumped 6 to 322p after upbeat comments from the group's chairman at its annual general meeting.

McKechnie the plastics and components group eased 3 to 423p after making a recommended offer for USM-listed Savage the manufacturer and distributor of home improvement accessories, valuing it at approximately £47.2m. Savage rose 6 to 77p.

MARKET REPORTERS:
Peter John,
Steve Thompson,
Christopher Price.

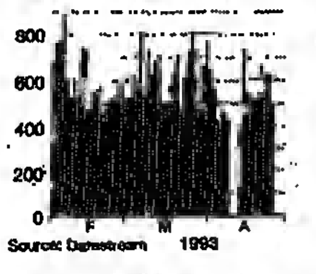
■ Other statistics, Page 22

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million) Excluding: intra-market business & Overseas turnover



Source: Datastream

NEW HIGHS AND LOWS FOR 1993

NEW HIGHS (120). [illegible] ... (3) Le Creuset, Savage, Spandex, MOTORS (3) Cowie, Mid-States, Perry, OIL & GAS (8) Bow Valley, Bridge, Cairn Energy, Crossroads, Edinburgh, Kerr Energy, Tullow, Villiers, OTHER FINCL (8) First Natl. Fin. 7pc Pf., Jupiter Tyndall, Perpetual, Provident Fincl., St James's Place, OTHER INDLS (1) Wilshaw, PACKG, PAPER & PRNTG (7) Enso-Gutzeit, Filofax, Gibbon Lyons, Jarvis Porter, Repola, Tinsley Robor, Waco 8pc Pf., PROP (4) Britannia, Daejan, Dencora, Shaftesbury, STORES (10) Austin Reed, Etam, GUS, In Shops, Kingfisher 8¼pc Ln. '00, Lloyds Chems., Do 7¾pc Pf., Moss Bros., Ratners, Sears, TEXTS (2) Jacques Vert, Parkland, MINES (10).

NEW LOWS (41).
AMERICANS (2) BankAmerica, Rep NY, CONTG & CONSTRCN (1) NBM, ELECTRONICS (4) Hewlett-Packard, Linx, MMT, Micro Focus, ENG GEN (4) Bonson, ES, Plasmec, Sykes-Pickavant, FOOD MANUF (1) Tate & Lyle 7¼pc Pf., FOOD RETAILING (1) Low (Wm), HEALTH & HSEHOLD (6) Baxter Inc., Huntingdon, Lilly (Eli), ML Labs., Reckitt & Colman 9½pc Cv. Bd., INSCE BROKERS (2) Marsh & McLennan, Sturge, MEDIA (2) Dorling Kindersley, Reuters, MISC (3) BAT Inds., Gestetner, Shanks & McEwan, OIL & GAS (1) New London, OTHER FINCL (1) S & U, OTHER INDLS (1) Soaps, PACKG, PAPER & PRNTG (1) Smurfit, STORES (2) Asprey, Mallett, TELE NETWORKS (6) Cable & Wireless 7pc Cv. '08, Securicor, Do N/V, Security Servs., Vodafone, TEXTS (3) Carpet, Lyles (S), TRANSPORT (2) Tiphook, Transport Dev., PLANTATIONS (1) Cons. Plants.

FINANCIAL TIMES EQUITY INDICES

	April 27	April 26	April 23	April 22	April 21	Year ago	* High	* Low
Ordinary share	2231.8	2222.8	2240.4	2262.2	2243.5	2083.3	2290.5	2124.7
Ord. div. yield	4.14	4.18	4.13	4.07	4.11	4.36	4.52	4.07
Earning yld % full	6.25	6.26	6.22	6.14	6.19	6.26	6.35	5.79
P/E ratio net	19.88	19.78	19.97	20.21	20.04	20.05	22.04	19.57
P/E ratio nil	18.55	18.45	18.66	18.89	18.71	19.05	20.30	18.25
Gold Mines	140.1	137.0	121.4	118.9	121.2	110.9	140.1	80.0

*for 1993. Ordinary share index since compilation: high 2290.5 10/3/93 - low 49.4 26/6/40
Gold Mines index since compilation high: 734.7 15/2/83- low 43.5 26/10/71
Basis Ordinary share 1/7/35; Gold Mines 12/9/55.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2214.5	2220.9	2224.6	2221.5	2221.0	2217.9	2217.3	2218.7	2224.0	2231.7	2213.0

Volume	April 27	April 26	April 23	April 22	April 21	Year ago
SEAQ Bargains	28,867	29,506	29,823	29,406	26,696	29,118
Equity Turnover(£m)†	-	1015.4	1231.1	1620.7	1473.2	1066.1
Equity Bargains†	-	34,329	34,139	35,628	34,514	33,578
Shares traded (mil)†	-	457.5	526.5	528.6	662.4	597.1

† Excluding intra-market business and overseas turnover.

London report and latest Share Index
Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p at all other times.

FT-SE Actuaries Share Indices — THE UK SERIES

FT-SE 100	FT-SE MID 250	FT-A ALL-SHARE
2832.7 +10.4	3134.3 +0.5	1395.92 +3.75

	Apr 27	Day's change %	Apr 26	Apr 23	Apr 22	Year ago	Earnings yield %	Dividend yield %	P/E Ratio	Xd adj ytd
FT-SE 100	2832.7	+0.4	2822.3	2843.9	2861.1	2651.6	6.39	4.02	19.83	36.73
FT-SE Mid 250	3134.3	—	3133.9	3136.2	3135.7	2686.4	6.47	3.72	19.48	31.93
FT-SE-A 350	1410.4	+0.3	1406.4	1414.9	1429.3	1296.4	6.41	3.95	19.75	17.42
FT-SE SmallCap	1584.27	+0.1	1582.31	1579.87	1572.30	-	4.63	3.60	30.95	15.62
FT-SE SmallCap ex Inv Trusts	1598.97	+0.1	1595.22	1591.39	1582.06	-	5.12	3.80	28.94	18.17
FT-A ALL-SHARE	1395.92	+0.3	1392.17	1399.84	1412.68	1279.56	6.30	3.93	20.20	17.02
1 CAPITAL GOODS(213)	978.13	+0.2	976.56	979.72	977.77	984.49	5.47	3.95	23.87	13.63
2 Building Materials(27)	1042.62	+1.0	1032.22	1043.36	1032.53	1104.75	4.98	4.71	27.73	19.43
3 Contracting, Construction(29)	967.30	−0.3	970.40	976.57	958.71	1817.94	2.69	3.43	80.001	9.90
4 Electricals(15)	2765.88	−0.3	2774.87	2770.06	2758.78	2840.06	5.41	4.88	23.53	65.13
5 Electronics(37)	2660.03	−0.6	2676.16	2688.43	2673.90	1929.53	5.99	3.00	21.23	19.34
6 Engineering-Aerospace(7)	377.44	+0.8	374.43	372.65	368.74	391.99	5.40	3.91	24.58	3.60
7 Engineering-General(51)	560.87	+0.6	556.99	561.10	560.95	533.30	6.85	3.78	18.55	7.00
8 Metals & Metal Forming(11)	401.99	—	401.62	404.85	405.59	357.83	4.32	3.06	33.68	8.66

[illegible]

Hourly movements

[illegible]

FT-SE Actuaries 350 Industry Baskets

[illegible]

Account Dealing Dates

First Dealings:	Apr 19	May 10	May 24
Option Declarations:	May 6	May 20	Jun 3
Last Dealings:	May 7	May 21	Jun 4
Account Day:	May 17	Jun 1	Jun 14

*New time dealings may take place from 8.30am two business days earlier.

LONDON SHARE SERVICE

BRITISH FUNDS — BRITISH FUNDS - Cont. — BRITISH FUNDS - Cont. — OTHER FIXED INTEREST

[illegible]

Continued on next page

EQUITY FUTURES AND OPTIONS TRADING

FUTURES dealers continued to adopt a pessimistic view of the UK short-term outlook for the UK market as the June contract traded in a narrow range for most of a quiet session, writes Christopher Price.

Following a downward end to Monday's session and a weak overnight Wall Street, June opened down at 2,818, a key resistance level for the contract. From there, support was found and June was bought upwards.

It rallied to a mid-morning high of 2,834, before starting to come off as buyers drifted away and a number of sellers were seen.

The CBI survey added to the market's sullen mood, fuelling renewed fears of inflation and putting paid to any further interest rate cuts, a fact underlined by the latest IMF view of the UK economy.

June's slow drift downwards continued with a weak opening on Wall Street, although a rally towards the end brought some relief. The contract closed at 2,826, up 8 points from the previous session and around a point below its estimated fair value premium of 6.

Turnover came to 8,927 contracts, a slight improvement from Monday's level.

BP was the most heavily traded stock option, reaching 3,999 contracts. This included a trade of 3,000 July 280 puts at 12p and 13p. Lonrho was busy again, with 2,240 lots transacted, followed by United Biscuits on 1,311 and British Aerospace on 1,206.

LONDON SHARE SERVICE

AMERICANS

Notes	Price £	+ or -	1993 high	1993 low	Mkt Cap£m	Yld Gr's
Abbott Labs	[illegible]	[illegible]	[illegible]	[illegible]	14,070	2.5
Allegheny & W ♥	[illegible]	-14	[illegible]	[illegible]	252.1	3.8
Amdahl	[illegible]	-18	581p	352p	[illegible]	1.7
Amer Cyanamid	[illegible]	[illegible]	[illegible]	[illegible]	2,907	3.2
Amer Express	[illegible]	[illegible]	[illegible]	[illegible]	8,544	3.8
Amer T & T	[illegible]	[illegible]	[illegible]	[illegible]	47,045	2.3
Ameritech	[illegible]	[illegible]	[illegible]	46	21,298	4.8
BankAmerica	[illegible]	[illegible]	[illegible]	[illegible]	9,739	3.2
Bankers NY	[illegible]	[illegible]	[illegible]	[illegible]	3,421	4.6
Bell Atlantic	[illegible]	[illegible]	[illegible]	[illegible]	14,448	6.1
BellSouth	[illegible]	[illegible]	[illegible]	[illegible]	16,010	5.2
Bethlehem Steel ♥	[illegible]	[illegible]	[illegible]	10	1,074	–
Bowater	[illegible]	-37	1682p	1335p	506.8	1.8
CPC	[illegible]	[illegible]	[illegible]	26	4,975	3.1
Cadiz Land Inc ♥	81p	–	118p	53p	–	–
California Engy	1342p	–	1478p	1066p	244.3	–
Chase Manhattan	[illegible]	[illegible]	[illegible]	[illegible]	2,958	4.0
Chrysler	[illegible]	[illegible]	[illegible]	[illegible]	7,247	1.5
Citicorp	[illegible]	[illegible]	[illegible]	[illegible]	5,940	–
Colgate-Palm	[illegible]	[illegible]	[illegible]	[illegible]	5,977	2.1
Cont'l Bank	1304p	-155	1877p	1278p	1,406	2.7
Dana	[illegible]	[illegible]	[illegible]	[illegible]	1,397	3.3
Data General	698p	+5	951p	593p	165.0	–

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

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ENGINEERING-GENERAL

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HOTELS & LEISURE

HOTELS & LEISURE - Cont.

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INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

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LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

MERCHANT BANKS

METALS & METAL FORMING

MISCELLANEOUS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIALS

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

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PLANTATIONS

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MINES - Cont.

INVESTMENT COMPANIES

MEDIA

MOTORS

OIL & GAS

PACKAGING, PAPER & PRINTING

STORES

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- [] Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
- ● "Tap Stock"
- \- Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below
- ✻ USM; not listed on Stock Exchange and company not subjected to same degree of regulation on listed securities.
- [] Not officially UK listed; dealings permitted under Rule 535(2)
- # Price at time of suspension.
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield, p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
E Auction basis
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94
N Yield based on prospectus or other official estimates for 1992.
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xd ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion

FT Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣. Ring +44 81-643 7181 (open 24 hours including weekends) or fax +44 81-770 0544, quoting the code FT1557. Reports will be sent the next working day, subject to availability. Please remember to state the weekly changing code above.

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Annual subscription £250.00 stg.
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● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

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FT MANAGED FUNDS SERVICE

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Sovereign Unit Tst Mngrs Ltd (1000)F
12 Christchurch Rd, Bournemouth

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Cash	1	50.64	50.64	51.13	-0.01	6.5
Gartld Prfrence	5½	55.79	58.09	59.65	-0.11	7.1
Ethical	5½	52.01	52.04xd	55.31	-0.11	3.4
European Growth	5½	55.63	55.04	58.77	-0.02	3.0
Income	5½	52.51	53.00	56.53	-0.19	4.4
Intl Growth	5½	77.78	77.76	82.04	+0.29	2.8
Managed	5½	88.47	89.19	93.89	-0.08	3.1
UK Growth	5½	55.58	56.20	59.94	-0.32	4.7

Standard Life Tst Mngmt Ltd (0730)H
3 George St, Edinburgh EH2 2XZ 0800 393777

Managed Acc	5½	43.33	46.13	44.98	-0.2	1.85
UK Equity Gth Acc	5½	50.51	57.59	61.15	+0.4	1.50
UK Eq High Inc Inc	5½	34.53	34.53xd	36.03	-0.3	3.85
UK Eq High Inc Acc	5½	41.00	41.00	43.57	-0.3	3.05
UK Equity Gen Acc	5½	53.11	54.08	57.47	-0.4	2.58
UK Equity Gen Inc	5½	40.17	40.91xd	43.47	-0.3	2.36
UK Larger Cos Acc F	7½	383.3	398.2	391.5	-2.3	2.84
UK Larger Cos Inc F	7½	279.0	282.7xd	305.4	-1.8	1.84
Gilt & Fxd Int Inc	5½	20.67	20.74xd	11.46	+0.1	4.75
Gilt & Fxd Int Acc F	7½	251.8	276.2	276.0	-2.2	1.55
N American Acc	5½	39.95	39.70	41.95	-0.8	0.85
Far East Acc	5½	51.90	51.80	55.04	[illegible]	0.13
European Acc	5½	38.78	39.70	42.19	-0.1	1.19

State Street Unit Trust Mngmt Ltd (1200)F
20 Birchin Lane, London EC3V 9AU 071-626 1599

Global A	5½	[illegible]	3.500	3.790	--	1.10
US Equities (u)	5½	$2.081	2.081	2.210	--	0.79
Far East Equities (u)	5½	Y233.9	235.4	250.0	--	-
Japan Equities (u)	6½	Y234.8	235.2	251.0	--	-
FT Europe (u)	6½	110.7	110.8	117.6	--	2.15
FT North American (u)	5½	61.702	1.702	1.805	--	1.05
FT Japan (u)	5½	Y229.1	229.8	243.0	--	-
FT Asia Ex Japan (u)	5½	51.612	1.628	1.941	--	1.75

Stewart Ivory Unit Tst Mgrs Ltd (1200)H
45 Charlotte Sq, Edinburgh 031-226 3271

American	5	309.0	309.9	329.0	-2.4	0.33
(Accum Units)	5	365.4	365.4	388.8	-2.8	0.33
British	5	912.3	912.3	962.2	-1.5	4.37
(Accum Units)	5	1549.3	1549.3	1642.8	-6.1	4.37
Emerging Market	5	99.04	99.72	106.1	-1.0	0.36
European	5	379.3	379.3	401.0	-0.3	1.47
(Accum Units)	5	410.5	416.6	442.5	+0.1	1.47
Japan	5	134.0	134.9	113.1	+2.2	-
(Accum Units)	5	136.0	136.0	144.4	+2.3	-
New Pacific	5	276.8	279.8	297.1	-1.0	1.52
(Accum Units)	5	287.4	290.9	309.1	-1.0	1.52
Investment Gt	5	177.3	179.4	190.5	+0.3	1.87
(Accum Units)	5	197.8	200.8	213.3	+0.4	1.87
Mngd Equity	5	147.7	149.1	158.1	--	1.59
Mngd Equity Acc	5	100.9	101.7	111.1	--	1.59
Mngd Cash	0	95.02	95.02xd	95.02	+0.01	4.95
(Accum Units)	0	127.2	127.2	127.2	--	4.95
Majority Stg	1	99.79	99.79xd	100.79	+0.01	4.33
Majority Stg Acc	1	117.25	117.29	118.43	+0.01	4.33

Foreign & Colonial Unit Management Ltd

	Bid Price	Offer Price	+ or -	Yield Grs
Balanced Acc Apr 20	182.5	191.5	+0.01	3.62
Balanced Inc Apr 20	181.7	189.8	-0.01	3.62
Latin American Acc Apr 20	100.4	102.1	+2.7	1.53

Funds In Court*

Capital Apr 1	549.03	554.12	--	3.73
Gross Apr 1	207.20	208.07xd	--	10.10
High Yield Acc 1	333.75	336.41	--	7.73

* Restricted to monies under Court control

Govett (John) Unit Mngmt Ltd

Managed Exempt	185.43	193.04	-0.32	3.33

Henderson Unit Trust Management Ltd

Pensions Mngd	60.1	61.34xd	-0.08	2.07

INVESCO MIM Management Ltd
Exempt Funds

Intl Mngd P'Folio (1000-1)	£1.4280	1.5130	--	-
Mngd Pens (Acc)	[illegible]	[illegible]	--	-
UK Core	[illegible]	[illegible]	--	-

Lazard Brothers & Co. Ltd

Property Mar 4	£1900.0	2180.0	--	7.80
Ins. Gts Ptp Feb 3	£1280.0	1402.0	--	6.80

Lazard Investors Ltd ‡
Exempt Funds

Small Co's Apr 21	£4922.2	5010.3	--	2.81
European Apr 21	£695.7	702.1	--	1.87
Australian Apr 21	£421.3	424.9	--	1.41
Japan Apr 21	£540.9	542.9	--	0.30
Pacific Apr 21	£182.6	186.3	--	11.91
Midland Gilt Lab 28	£127.9	130.3	--	2.09

Local Authorities Mutual Invest. Tst.*
2 Fore Street, London EC2Y 5AQ 071-588 1815

Property Mar 31	177.10	180.78	--	9.06
Equity Mar 31	1101.35	1015.4xd	--	3.19

* Available only to Local Authorities

M & G Securities Ltd

Charibond (r)		117.40	-0.2	8.06
(Accum Units)		140.01	-1.1	8.06
NAACF (r)		45.75	-0.3	7.79

Merlin Jupiter Unit Trust Managers Ltd
Merlin Jupiter Exempt Trust

UK Equity	£10.79	10.92	--	-

Morgan Grenfell Investment Funds Ltd
Exempt Funds

UK Equity † Apr 27	158.8	163.2	+1.50	2.70
UK Small Co † Apr 27	580.9	616.3	+15.40	3.09

INSURANCES

OTHER UK UNIT TRUSTS

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Providence Capital Life Assc. Co Ltd - Contd.

Alpha Pension Funds

	Bid Price	Offer Price	+ or -	Yield Gross
UK Alpha		225.2	-1.5	-
US Alpha		111.7	+0.3	-
Gilt Alpha		84.90	-0.1	-
Gold Alpha		76.80	+0.3	-
Japan Alpha		42.3	+1.8	-
US Dollar Alpha		71.8	+0.5	-
Yen Alpha		78.1	+0.7	-
DM Alpha		87.8	+0.4	-
European Alpha		82.6	-0.2	-

Provident Life Assoc Ltd

Provident Way, Basingstoke RG21 2SZ 0256 470707

Gold Range (Pensions)

	Bid Price	Offer Price	+ or -	Yield Gross
Discretionary Fund		154.8	-0.7	-

Provident Mutual Life Assc. Assn.

6 Hills Way Stevenage Herts SG1 2ST 0438 737000

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Ord	408.8	429.0	-0.1	-
Managed Init	288.9	304.1	-0.1	-
Equity Ord	612.9	645.2	-1.8	-
Equity Init	435.5	458.4	-1.2	-
Index Linked Gilt Ord	192.9	203.1	—	-
Index Linked Gilt Init	143.1	150.6	—	-
Overseas Equity Ord	316.7	333.4	+1.4	-
Overseas Equity Init	225.0	236.8	+0.9	-
Property Ord	223.7	235.5	—	-
Property Init	159.0	167.4	+0.1	-
Fixed Interest Ord	257.7	271.3	+0.4	-
Fixed Interest Init	183.1	192.7	+0.2	-
Deposit Ord	195.6	205.9	—	-
Deposit Init	139.0	146.3	—	-
Pension Funds				
Managed Ord	534.8	562.9	-0.3	-
Managed Init	380.0	400.0	-0.2	-
Equity Ord	833.2	877.1	-2.7	-
Equity Init	592.0	623.2	-2	-
Pen Ind Lkd Gilt Ord	219.3	230.8	—	-
Pen Ind Lkd Gilt Init	162.8	171.4	—	-
Overseas Equity Ord	366.4	385.7	+1.5	-
Overseas Equity Init	260.3	274.0	+1.3	-
Property Ord	285.1	300.1	+0.1	-
Property Init	202.6	213.3	-0.1	-
Fixed Interest Ord	334.4	352.0	-0.7	-
Fixed Interest Init	237.6	250.1	+0.5	-
Deposit Ord	285.8	300.8	+0.1	-
Deposit Init	203.1	213.8	+0.1	-

Scottish Amicable

150 St Vincent St, Glasgow 041-248 2323

Life Funds (First Series)

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	392.5	413.2	+0.80	-
Equity	495.4	521.5	+0.20	-
Property	239.4	252.0	—	-
International	375.3	395.1	+1.30	-
Japanese	106.4	112.1	+2.30	-
Asia Pacific	130.8	137.7	+0.90	-
European	106.4	112.6	-0.50	-
American	130.2	137.1	-2.40	-
Fixed Interest	333.2	350.8	+2.50	-
Index-Linked Gilt	183.4	193.1	+0.10	-
Cash	216.9	230.5	—	-
Life Funds (Second Series)				
Managed	109.2	115.0	+0.20	-
Equity	106.4	112.1	+0.10	-
Property	100.0	105.8	—	-
International	115.0	122.1	+0.40	-
Japanese	106.6	112.3	+2.30	-
Asia Pacific	128.2	135.0	+0.90	-
European	105.4	111.0	-0.40	-
American	127.2	133.9	-2.30	-
Fixed Interest	125.3	131.9	+1.00	-
Index-Linked Gilt	117.2	123.4	+0.10	-
Cash	108.5	114.3	—	-
Pension Funds				
Building Society	172.5	181.6	—	-
Managed (Init)	228.3	240.4	+0.30	-
Managed (Acc)	448.6	472.3	+0.70	-
Equity (Init)	258.4	272.1	+0.10	-
Equity (Acc)	507.8	534.6	+0.30	-
Property (Init)	143.7	151.2	—	-
Property (Acc)	282.4	297.3	—	-
International (Init)	222.9	234.7	+0.60	-
International (Acc)	428.2	451.3	+1.40	-
Fixed Interest (Init)	222.0	233.7	+1.40	-
Fixed Interest (Acc)	436.3	459.3	+2.80	-
Cash (Init)	154.2	162.4	—	-
Cash (Acc)	303.2	319.2	—	-
Others				
Capital Guarantee Bond	97.9	103.1	-0.30	-

Scottish Equitable Life Assce. Soc.

28 St Andrew Sq, Edinburgh 031-556 9101

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

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JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Fed intervenes on dollar/yen

THE DOLLAR bounced back against the yen in yesterday's afternoon trading in Europe after the US Federal Reserve intervened to support its currency for the first time this year, *writes James Blitz.*

The Federal Reserve intervened in the market, buying dollars, after the US currency hit another all-time low against the yen of Y109.15 in New York. The intervention took the market by surprise, pushing the dollar up to a London close of Y111.2.

The Federal Reserve's intervention was seen as an extremely significant move, one which might even signal the end of the yen rally seen in recent weeks.

Mr Lloyd Bentsen, the US Treasury secretary, said that there had been a misperception about US exchange rate policy in recent weeks. He added that finance ministers of the Group of Seven Leading Industrial Nations would issue a communique on exchange rates after their meeting tomorrow.

Mr Mark Brett, an economist at BZW in London, said that the Clinton administration might think the continuing depreciation of the dollar would have only a limited impact on the Japanese trade surplus.

"The US may be taking the view that the trade imbalance has more to do with structural problems relating to products rather than anything to do with exchange rates," he said.

Mr Jim O'Neill of Swiss Banking Corporation, added that the US administration might have been moved to act by the weakness in both US bond and equity markets in recent days and by the surge in the gold price.

By contrast, the dollar failed to consolidate against the D-Mark in Europe, despite comments from Mr Helmut Schlesinger, the Bundesbank President, implying that the speed of German rate cuts might increase.

The Bundesbank president said that Germany's economic situation had deteriorated, and that this had to be taken into account in the setting of money market rates.

After closing at DM1.5675 in London on Monday night, the dollar peaked at the DM1.5830 level but later fell back to close at DM1.5800.

The peseta weakened sharply at the start of European trading, bottoming out at Pta74.05 to the D-Mark. The Bank of Spain intervened again to support its currency, bidding between Pta73.85 and Pta74.00. The peseta later closed at Pta73.68, fractionally stronger on the day.

One interbank dealer in London said the level of intervention by the Spanish authorities in recent days had been colossal. He estimated that the Bank's reserves were now in the area of $20bn, one third of the level they had been at in January.

Sterling again broke through the DM2.50 level against the D-Mark following strong UK business confidence figures. But it fell back to close unchanged on the day at DM2.4925.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Apr 27	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Irish Punt	0.809996	0.802026	-0.98	2.59	56
Dutch Guilder	2.20045	2.19702	-0.18	1.74	20
Belgian Franc	40.2802	40.2258	-0.14	1.72	19
D-Mark	1.95294	1.95542	0.13	1.46	9
Portuguese Escudo	180.624	181.550	0.51	1.07	-9
French Franc	6.54988	6.60438	0.83	0.75	-32
Danish Krone	7.44934	7.53489	1.15	0.43	-41
Spanish Peseta	142.150	144.403	1.58	0.00	-28

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by Financial Times.

£ IN NEW YORK

Apr 27	Latest	Previous Close
£ Spot	1.5780 - 1.5790	1.5830 - 1.5840
1 month	0.38 - 0.37pm	0.39 - 0.38pm
3 months	1.15 - 1.13pm	1.16 - 1.14pm
12 months	4.28 - 4.20pm	4.37 - 4.29pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

CURRENCY RATES

POUND SPOT - FORWARD AGAINST THE POUND

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

CURRENCY MOVEMENTS

EURO-CURRENCY INTEREST RATES

OTHER CURRENCIES

EXCHANGE CROSS RATES

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

FINANCIAL FUTURES AND OPTIONS

LONDON (LIFFE)

CHICAGO

PARIS

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.5780	1.5743	1.5667	1.5556	1.5357

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

BASE LENDING RATES

MONEY MARKETS

Optimism on Germany

THERE was a modest rise in German futures yesterday after comments from the Bundesbank president suggested a change of attitude towards interest rates, *writes James Blitz.*

In a newspaper interview, Mr Helmut Schlesinger said that the Bundesbank had to test how far it could keep cutting interest rates. He added that Germany's economic situation had deteriorated, and that this had to be taken into account in the setting of money market rates.

UK clearing bank base lending rate 6 per cent from January 26, 1993

These comments, and expectations of a sharp cut in the Bundesbank's repo rate at its weekly money market intervention, combined to improve conditions in both the German cash and futures markets.

The Bundesbank announced that it would be conducting a variable rate repo in its weekly money market operations today.

The lowest accepted repo rate last week was 8.11 per cent. Many dealers expected the rate to fall below 8 per cent tomorrow.

"If it comes below 7.90 per cent, that will be taken as a bullish signal that the Bundesbank has moved away from gradual easing to something more aggressive," said Mr Adrian James, an economist at NatWest Markets in London.

The June Euromark contract rose 6 basis points on the day to close at 92.67, while the September contract rose 13 basis points to close at 93.53. German call money closed a touch easier at 7.57 per cent from a previous 7.60 per cent.

The French franc market was unaffected by the move, with the June contract closing 1 basis point higher at 91.99.

Conditions in the sterling market were a good deal easier. Mr Schlesinger's comments implied that the UK might have more scope to ease policy if it wished.

The June short sterling contract rose six basis points to close at 93.89. Three month money closed 1/16 per cent lower at 6 1/16 per cent. The overnight lending rate was seen as low as 5 per cent after a £1bn shortage forecast by the Bank of England was easily removed by the discount market.

However, a continuing raft of good economic data has helped to keep a lid on expectations of a base rate cut. The Confederation of British Industry yesterday said British companies had enjoyed their biggest increase in confidence for 10 years.

FT LONDON INTERBANK FIXING

(11.00 a.m. Apr.27)	3 months US dollars		6 months US Dollars
bid 3 1/16	offer 3 3/16	bid 3 3/16	offer 3 5/16

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

Lunchtime					
Prime rate	6	One month	2.87	Three year	4.19
Broker loan rate	5	Two month	2.88	Five year	5.12
Fed.funds	3 1/8	Three month	2.95	Seven year	5.58
Fed.funds at intervention	-	Six month	3.08	10-year	5.99
		One year	3.23	30-year	6.87
		Two year	3.79		

Apr.27	Overnight	One Month	Two Months	Three Months	Six Months	Lombard intervention
Frankfurt	7.50-7.70	7.90-8.00	7.85-7.95	7.75-7.90	7.40-7.55	6.50
Paris	8 1/2-8 1/2	8 3/8-8 7/8	-	8 1/16-8 3/16	-	8.75
Zurich	5 1/4-5 1/2	5 1/8-5 1/4	-	4 13/16-5 1/16	-	-
Amsterdam	7.87-7.90	7.85-7.90	-	7.52-7.57	-	-
Tokyo	3 1/8-3 3/16	3 7/32-3 9/32	-	3 7/32-3 9/32	-	-
Milan	11 3/8-11 1/2	11 3/8-11 1/2	-	10 15/16-11 1/16	-	-
Brussels	7 3/4-7 7/8	7 3/4-7 7/8	-	7 5/8-7 7/8	-	-
Dublin	8 1/2-8 5/8	6 3/8-6 1/2	8 1/4-6 3/8	9 1/4-8 3/8	6 1/16-6 3/16	-

LONDON MONEY RATES

Apr 27	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	6 7/8	6 1/16	6 1/8	6 1/8	6 1/4	6 3/8
Interbank Bid	4	6	6	6	6 1/8	6 1/4
Sterling CDs	-	-	5 31/32	6	6 1/16	6 1/8
Local Authority Deps.	6	6	6 1/8	6 1/16	6 3/16	6 5/16
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	5 7/8	5 15/16	-	-	-	-
Company Deposits	-	-	-	-	-	-
Finance House Deposits	-	-	6	6	6 1/8	6 1/4
Treasury Bills (Buy)	-	-	5 11/16	5 7/8	5 1/2	-
Bank Bills (Buy)	-	-	6 1/4	5 31/32	5 13/16	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	2.98	2.99	3.05	3.24
SDR Linked Dep. Offer	-	-	4 7/8	4 13/16	4 3/4	4 11/16
SDR Linked Dep. Bid	-	-	4 3/4	4 11/16	4 5/8	4 9/16
ECU Linked Dep. Offer	-	-	8 1/4	8 3/16	8 1/8	7 7/8
ECU Linked Dep. Bid	-	-	8 5/8	8 1/16	8 1/4	7 3/4

Treasury Bills (sell); one-month 5 5/8 per cent; three months 5 11/16 per cent; six months 5 1/16 per cent; Bank Bills (sell); one-month 5 15/16 per cent; three months 5 13/16 per cent; Treasury Bills; Average tender rate of discount 5.3887 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day March 31, 1993. Agreed rates for period April 26, 1993 to May 25, 1993, Scheme I: 7.36 p.c., Schemes II & III: 7.25 p.c. Reference rate for period Feb 27, 1993 to March 31, 1993, Scheme IV&V: 6.028 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 6 1/2 from April 1, 1993: Bank Deposit Rate for sums at 7 days notice 5 3/8 p.c.: Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 2 3/4 p.c.; one-three months 5 1/4 p.c.; three-six months 5 p.c.; six-nine months 4 3/4 p.c.; nine-twelve months 4 1/2 p.c.; Under £100,000 2 3/4 p.c. from Jan.27, 1993, Deposits withdrawn for cash 1 1/4 p.c.

CROSSWORD

No.8,137 Set by HIGHLANDER

ACROSS
1 Stiff drinks equal good cheer (4,7)
7 With part of hand missing (3)
9 Wake up, turn over or exercise (5)
10 Put on board initially, waiting and watching (9)
11 Graduates help to reveal sculpture with forms slightly projecting (3-6)
12 Old English stick (5)
13 Kibbutz talk? (7)
15 Distribution network used by fence (4)
18 Objections about cigarette end (4)
20 About to set off, starting up Lake Erie in anorak (7)
23 Eleven men in reserve? (5)
24 Rising nonconformist hero (9)
26 Fleet proprietor shows his unusual ability to protect (9)
27 Berlin girl advised to pick up her musket (5)
28 Harry the Horse (3)
29 Make property dealer spy on oriental country (6,5)

DOWN
1 Difficult second book (8)
2 Increased total sounds grim (8)
3 The riddle is about the night before (5)
4 Admire what bride and groom say before fibs uttered (7)
5 To the extent that's penetrated such a long way (2,2,3)
6 Way of making suitcases secure and sturdy (9)
7 In the middle of a fog covering top of Dartmoor (6)
8 Unbridled greed - note the level of intensity (6)
14 At university the staff are slightly mad (2,3,4)
16 Those listening to interview with head of state (8)
17 Tuck in again, having cooked terrines (8)
19 Someone entitled to stop Eton being disorderly (7)
20 Floor-show consists of Tom going round in the nude (7)
21 Fruit for mother and child (6)
22 Going along with ancillary length of track (6)
25 Latin American beast turns up in a London thoroughfare (5)

Solution to Puzzle No.8,136

WORLD STOCK MARKETS

	Apr 23	Apr 16	Apr 9	year ago (approx.)
Dow Industrial Div. Yield	3.01	3.04	2.98	2.80

	Apr 21	Apr 14	Apr 7	year ago (approx.)
S & P Industrial div. yield	2.54	2.52	2.55	2.57
S & P Indl. P/E ratio	25.92	26.09	25.82	28.46

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day
Norsk Hydro	13,020,200	25⅞	+ 1⅛
Citicorp	4,449,500	25¾	- 2
BankAmerica	4,153,500	44⅞	- 2¾
Wal-Mart Stores	3,397,500	26¾	...
Homestake	3,208,300	15¾	- ¼
Natl Medical Ent	3,161,200	6⅞	- ½
Placer Dome	3,157,500	17	+ ⅜
Amer Barrick	2,852,900	20⅝	+ ⅛
Philip Morris	2,593,300	46⅝	- ⅜
Chemical Bank	2,537,600	36¾	- 1

TRADING ACTIVITY

† Volume (Millions)	Apr 26	Apr 23	Apr 22
New York SE	281.106	253.517	295.797
Amex	17.360	18.663	14.765
NASDAQ	(u)	243.393	253.782
NYSE			
Issues Traded	2,509	2,497	2,491
Rises	636	752	780
Falls	1,256	1,170	1,153
Unchanged	617	575	558
New Highs	51	39	62
New Lows	18	21	10

CANADA TORONTO

	Apr 26	Apr 23	Apr 22	Apr 21	1993 HIGH	1993 LOW
Metals & Minerals	2829.40	2814.06	2812.59	2857.25	2972.25 (8/3)	2743.31 (21/1)
Composite	3883.80	3865.40	3865.70	3863.83	3885.40 (23/4)	3275.80 (21/1)
MONTREAL Portfolio	1825.45	1830.68	1825.28	1830.80	1856.63 (23/3)	1720.97 (21/1)

Base values of all Indices are 100 except NYSE All Common - 50; Standard and Poor's - 10; and Toronto Composite and Metals - 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ♠ The DJ Indl. index theoretical ... and lowest prices reached during the day by each stock; ... (Telekurs) represent the highest and lowest values that the ... stocks are previous day's. ♥ Subject to official recalculation.

**Saturday April 24: Taiwan Weighted Price 4,563.21, Korea Comp ... ♥ Subject to official recalculation.

Base values of all Indices are 100 except Austria Traded, BEL20, HEX ... 1,000, JSE Gold - 255.7, JSE 20 Industrials - 264.3 and Australia ...

TOKYO - Most Active Stocks
Tuesday April 27 1993

	Stocks Traded	Closing Prices	Change on day
Sumitomo Mt Mn	25.4m	980	+63
Nippon Steel	22.2m	569	-1
Itochu Corp	16.2m	377	+10
NEC Corp	12.3m	854	+6
Mitsubishi Hvy	11.1m	1,050	+20
Showa Denko	10.4m	700	+15
Suzuki Motor	7.3m	931	+10
Sumitomo Mt Ind	6.7m	380	+5
Fujikura	6.5m	839	+24
Mitsui Mn & Sm	6.1m	1,200	-50

4 pm close April 27

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1993 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
13¼	11½	AAR Corp x	0.48	3.8	23	203	12⅞	12⅛	12⅝	+.24
27¼	20	A L Labs A	0.18	0.9	33	648	20½	d20	20⅝	-⅛
67⅛	54⅝	AMP Inc	1.60	2.7	21	1600	60	59⅜	60	
71⅛	55½	AMR			10	5889	69⅜	67⅛	69¼	+2¼
2	1¾	ARX			11	10	1⅞	1⅞	1⅞	
44⅞	26⅞	ASA	2.00	4.6	28	1171	43⅝	43⅛	43⅝	+⅛
30¼	22⅝	Abbott Lab	0.68	2.4	18	23161	28⅞	26⅝	28¼	+1⅛
12⅝	10¼	AbitibiPr	0.80	4.1	4	5	12	12	12⅛	
11⅝	10¾	ACM Gvt In	0.06	8.3		484	u11⅝	11⅛	11½	
9¾	9⅛	ACM GvOpp	0.79	8.2		269	9⅝	8½	9⅝	
9⅝	8¾	ACM Gvt Sp 4	0.79	8.4		239	9½	9⅜	9⅜	-⅛
11⅜	10½	ACM Gvt Se x	0.06	8.4		146	u11⅜	11¼	11⅜	+⅛
18⅞	9⅝	ACM Man	1.00	10.2		236	10⅞	10⅝	10⅝	-⅛
9⅜	8⅝	ACM Managd	0.72	7.9		265	9⅛	8	9⅛	+⅛
9⅞	7¾	Acme Cleve	0.40	4.3	19	217	u9¼	8	9¼	+⅛
9¼	6½	Acme Elect			600	11	6	6	6	
16	12⅛	Acuson			12	523	13⅞	13⅝	13¾	
22¼	19⅝	Adams Expr	0.48	2.3	1	141	21	20⅜	20¾	+⅜
66	45½	Ad Micro	3.00	5.6		257	60½	58¼	60½	+1
32¾	17⅝	Ad Micro P	3.00	10.1	12	12844	29⅞	28½	29¾	+⅛
7¾	5½	Advest Grp	0.16	2.5	15	68	6⅜	6⅜	6⅜	-⅛
49⅝	41⅛	Aegon ADR	1.35	2.9	6	15	46	45¾	46	-⅜
53¾	43⅞	Aetna Lf 4	2.76	5.6	162	2846	50¼	49½	50⅛	
14½	11½	Ahl A	0.28	2.1	29	489	12¼	12⅛	12⅛	
39¾	33	Aflac	0.44	1.2	16	762	35	37	35	+⅜
[illegible]										

Continued on next page

4 pm close April 27

NYSE COMPOSITE PRICES

1993 High	Low	Stock	Div.	Yld. %	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
Continued from previous page										
		- S -								
22	18	S Anita Rt	1.36	8.8	24	522	16¾	d15⅝	15⅞	-1
20¾	17	SCOR US Cp	0.32	1.6	48	38	19⅝	19½	19⅝	+¼
26¾	20	SPS Techno	1.28	4.9	19	11	26⅛	26	26⅛	+¼
14½	12⅞	Sabine Rt	2.09	14.7	16	75	14⅛	14⅛	14¼	
13⅛	8⅞	Safecard	0.10	0.8	16	126	12½	12¼	12⅜	
23½	17	Safeg'd Sc			6	72	17¾	d17	17½	-¼
24¾	16¼	SafetyKln	0.36	2.1	23	2744	17	16½	17	-⅛
14½	10⅞	Safeway			17	1267	14¼	13¾	14⅛	+¼
3	2	SafewayW98				16	2⅞	2⅞	2⅞	
44½	37½	StJoePaper	0.20	0.5	78	50	38⅛	38¾	39	
37⅝	31	StJosL&P x	1.76	4.8	18	24	37	36⅝	37	+1⅜
83¼	75	St Pauls	2.80	3.5	20	657	79¾	78¼	79¾	+⅝
9⅝	6¼	Salant Crp			3	97	8¼	d7⅝	8¼	-¼
75¼	42½	Sallie Mae	1.20	2.6	10	10540	46⅛	44½	45½	+⅝
13⅞	13	Salomon Br	0.61	4.6		529	13⅛	13¼	13¼	-⅛
41⅞	35¼	Salomoninc	0.64	1.8	18	2461	36⅜	36	36	-¼
28⅞	23¼	SanDgo G&E	1.48	5.8	14	295	26½	26	26¼	+⅛
4⅜	3½	SantaFeEDo	0.40	10.7	41	22	3⅞	3⅞	3¾	-⅛
11⅞	8⅛	SantaFeERs	0.16	1.5	153	472	10¾	10½	10¾	+⅛
40¾	35¼	SantaFePac	2.80	7.6	13	103	37	36⅝	36¾	-⅞
16⅜	12¾	SantaFeSth	0.10	0.6	17	5394	15⅞	15½	15¾	+⅞
31¾	23⅞	Sara Lee	0.58	2.3	18	10312	25⅝	24¾	25¼	+¾
46½	40⅛	Scana Corp	2.74	6.0	16	276	45¾	45½	45¾	
49⅝	43	Scecorp	2.80	5.8	14	1671	47⅞	47¾	47⅞	+⅛
38⅞	23⅞	ScherarRP			25	448	28⅞	27⅞	28⅛	
[illegible]										

NASDAQ NATIONAL MARKET

4 pm close April 27

[illegible]

AMEX COMPOSITE PRICES

4 pm close April 27

[illegible]

AMERICA

Dow edges ahead as pace of sell-off slows

Wall Street

THE PACE of Wall Street's recent sell-off slowed yesterday morning but concern about the economic outlook continued to dampen market sentiment, *writes Karen Zagor in New York.*

At 12.30 pm, the Dow Jones Industrial average edged 2.71 higher to 3,401.08 after posting losses through most of the morning. The more broadly-based Standard & Poor's 500 was up 2.18 at 435.72, while the Amex composite was down 1.11 at 415.24, and the Nasdaq composite firmed 3.70 at 649.57. Trading volume on the NYSE was more than 159m shares by 12:30 pm, and declines outnumbered rises by 932 to 777.

Stocks came under pressure from continuing declines in US bond prices, with the treasury's bellwether 30-year bond sliding 4/32 to 103 5/32, pushing its yield up to 6.861 per cent.

Among featured issues, Owens-Corning Fiberglass firmed $1⅞ to $39¼ after the company said that it had cancelled a proposed public offering of 4.5m shares of common stock. The company blamed market conditions for its decision but said its plan "to pursue its growth agenda remains unchanged".

Xerox tumbled $3 to $74⅞ after announcing that US sales were hit in the first quarter by a reorganisation of the sales force.

In the drug sector, share prices benefited from reports that the Clinton administration may enter voluntary cost-control agreements with the industry, instead of imposing price controls without industry consent.

Merck added $1⅛ to $37¼, Pfizer climbed $3⅜ to $67¼, Bristol-Myers Squibb firmed $1⅞ to $60⅞ and Glaxo Holdings rose $⅛ to $18⅞.

Biotechnology stocks also advanced in Nasdaq trading, with Chiron up $3¼ to $53¼ and Amgen up $2⅛ to $40¼.

Bank shares recovered some of the ground lost on Monday when investors moved away after a strong run this year. Citicorp was up $1⅛ at $26⅞, BankAmerica gained $⅝ to $45, Banc One improved $¼ to $53⅞ and Chase Manhattan added $⅝ to $30⅞.

The transport segment also recouped some of its losses, with the Dow Jones Transportation average up 10.88 to 1,591.43 at 12.30 pm after dropping 37.47 on Monday. AMR, parent of American Airlines rose $1⅞ to $68⅞, UAL, parent of United Airlines, climbed $3⅛ to $142⅛ and Delta Air Lines gained $1⅞ to $57⅞.

In Nasdaq trading, Intel rose $3⅞ to $91¼ after plunging $5¼ on Monday. Apple Computer added $1¼ to $50¼ and Lotus Development rose $1 to $25.

Canada

TORONTO eased at midday, weighed down by losses in heavily-weighted gold shares and continued worries over Canada's federal budget, released after Monday's close. Dealers said that overall activity was quiet.

The TSE-300 index fell 4.71 to 3,679.10 in low turnover of C$232m. Losers led gainers 295 to 217 with 286 issues unchanged.

Among actively traded issues, Northern Telecom rose C$1¼ to C$44¼ after the telecommunication group posted earnings that were not as bleak as the market had feared.

EUROPE

Italy and France feature modest gains

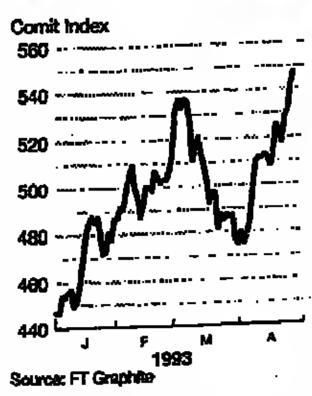
MILAN again featured strongly among the continent's bourses, *writes Our Markets Staff.*

MILAN continued ahead in heavy trading but finished off the day's highs as the market awaited confirmation that prime minister designate Carlo Ciampi would be able to form a government. The Comit index finished 5.99 ahead at 547.25.

Mr Fabio Ferrando of Albertini in Milan said: "The performance of the market speaks for itself in terms of what investors think of the appointment. Since the economy is the priority, Mr Ciampi is perceived as the right man in the right *place.*"

But Mr Gian Luca Manca of Baring Securities in London cautioned that the market would remain restrained until it knew the composition of a proposed cabinet and Mr Ciampi's administration had won parliamentary approval.

The telecommunications sector, facing restructuring, continued its recent rally. Stet attracted strong foreign interest, rising L88 or 3.4 per cent to L2,670, for a week's rise of 9.6 per cent.



Source: FT Graphite

PARIS advanced with a strong rise in Elf Aquitaine being noted. The oil group has been rumoured in recent days as possibly interested in increasing its stake in Petrofina, but with this now seeming increasingly unlikely the shares put on FFr14.10 or nearly 4 per cent to FFr374. The CAC-40 index rose 15.79 to 1,927.41 in turnover of FFr2.35bn.

Euro Disney went against the trend with a fall of FFr2.25 or 2.8 per cent to FFr76 after reporting a six month loss to March of FFr1bn, which did not come as a complete surprise. The group also said that it was trying to secure new capital.

Mr Nigel Reed of Paribas commented that with gearing standing at some 350 per cent, if one included off balance sheet financing and long-term debt, the group's prospects for the rest of the year remained very difficult.

FRANKFURT lost ground in thin trading as investors remained sidelined amid a spate of corporate announcements. The DAX index fell 9.03 to 1,640.78 in turnover of DM6.5bn against DM6bn.

AMSTERDAM was only interested in Akzo which came in with first quarter figures much in line with or slightly better than expectations. The shares showed a *strong finish*, having fallen to a day's low of Fl 152.60, rising Fl 4.40 to Fl 157.30, but largely on short-covering. The CBS Tendency Index fell 0.7 to 108.7.

BELGIUM closed marginally lower with activity led by Petrofina. The Bel-20 index retreated 4.57 to 1,205.93.

Petrofina was unchanged at BFr8,790, after plunging to BFr8,570 on reports that its profits for the current year would not exceed last year's.

Susan Scott, oil and gas analyst at James Capel, said that in spite of the buying interest related to speculation of a takeover bid, Petrofina's fundamentals remained poor.

ZURICH continued lower amid a lack of buying interest and the SMI index shed 14.3 to 2,124.7. The recently volatile Ascom fell SFr180 or 11.5 per cent to SFr1,380 after announcing an unexpected SFr46m loss late on Monday.

MADRID's general index rose 2.24 to 243.95 helped by a slightly stronger peseta, although the prospect of devaluation remains.

ISTANBUL jumped 3.1 per cent with the market index 216.09 higher at 7,229.11.

OSLO saw the All Share index rising above the 460 level for the first time since January 1992, closing up 6.15 or 1.35 per cent, at 461.20. STOCKHOLM fell for the third consecutive session, the Affärsvärlden index down 10.9, or 1.1 per cent, to 1,008.8, while HELSINKI's HEX index firmed 3.5 to 1,155.7.

FT-SE Actuaries Share Indices — THE EUROPEAN SERIES

April 27 Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1157.91	1155.51	1154.12	1151.67	1150.03	1149.08	1148.55	1149.08
FT-SE Eurotrack 200	1218.76	1218.39	1217.54	1216.09	1215.12	1213.60	1212.70	1213.85

	Apr 26	Apr 23	Apr 22	Apr 21	Apr 20
FT-SE Eurotrack 100	1152.81	1156.50	1164.35	1157.71	1158.12
FT-SE Eurotrack 200	1218.66	1223.66	1234.50	1224.52	1220.73

Base value 1000 (26/10/90) High/day: 100 - 1157.91; 200 - 1219.22 Low/day: 100 - 1147.94 200 - 1211.84

India drops sharply ahead of budget vote

R.C. Murthy writes on Indian equities and John Pitt on emerging markets in March

Concern over the stability of the Narasimha Rao administration has come once again to the forefront as parliament reassembled last week for the crucial vote on this year's Indian budget, driving equities to a 15-month low.

The Hindu revivalist Bharatiya Janta party, the main opposition, has announced plans to try to unseat the administration, and other parties are threatening to join in.

However, none of these opponents wants mid-term elections and it appears that a compromise may be reached which could see the budget through parliament during the next fortnight.

Equity prices have fallen due to the uncertainty, with the BSE index down at 2,100 at the weekend.

Prices dropped by a further 63 points on Monday, bringing the total decline to 423 points, or 17 per cent, in six weeks. The BSE indicator yesterday recovered some ground, finishing 33.19 up at 2,070.00.

The focus now is on the R40bn ($1.3bn) Bombay securities scandal and deliberations of the joint parliamentary committee, which is to finalise its report in a fortnight.

Venezuela and India featured as the worst performers among the world's emerging markets in March, while Mexico, supported by lower inflation and interest rates, moved ahead.

Disappointment with the February 27 budget, which did not cut corporation tax as had been widely expected, contributed to India's downward drift.

According to data supplied by the IFC, part of the World Bank, the market registered a 17.6 per cent fall in dollar terms on the month.

Mr Nigel Spence, emerging markets equity analyst at Lehman Brothers in London, commented that other negative factors during March included:

- a series of bomb explosions in Bombay which caused extensive damage to the stock exchange and increased tension between India and Pakistan. Owing to the uncertain political climate there was likely to be a slowdown in foreign cash inflows into the country, he added;
- expectations of disappointing company results, particularly in the car, steel and cement sectors after the cancellation of a number of infrastructure projects as the government attempts to reduce the budget deficit.

Venezuela remained uneasy in an uncertain political environment, and with foreign investors removing capital the central bank was forced to lift interest rates during the month. Towards the end of March, notes Mr Frederico Laffan of Latin American Securities, the market staged a modest recovery on bargain hunting, although volume remained low.

Mexico's rally continued, helped by hopes for Nafta approval in the US, and lower inflation and interest rates.

IFC EMERGING MARKETS INVESTABLE INDICES

Market	No. of stocks	Dollar terms Mar 31 1993	% Change over month	% Change on Dec '92	Local currency terms Mar 31 1993	% Change over month	% Change on Dec '92
Latin America							
Argentina	(10)	602.37	+8.3	+3.9	369,633.07	+8.3	+4.2
Brazil	(44)	154.19	+2.6	+23.3	5,277,905.3	+30.0	+153.1
Chile	(20)	414.98	-3.5	-0.8	645.64	-4.2	+0.7
Colombia[1]	(6)	348.50	-8.1	-18.0	516.70	-5.0	-15.5
Mexico	(59)	662.72	+12.6	+1.0	910.81	+12.8	+0.3
Venezuela[2]	(8)	353.76	-25.7	-31.9	667.99	-24.0	-26.3
East Asia							
South Korea[3]	(130)	94.26	+5.7	-4.0	96.31	+5.4	-3.4
Philippines	(11)	153.43	-5.4	+14.9	184.84	-6.4	+14.4
Taiwan, China[4]	(76)	104.16	+7.2	+44.2	101.10	+7.7	+45.0
South Asia							
India[5]	(61)	73.38	-17.6	-21.7	80.65	-15.5	-15.5
Indonesia[6]	(31)	68.37	+2.8	+18.5	76.94	+3.3	+17.0
Malaysia	(81)	170.82	+0.9	+4.5	163.46	-0.6	+3.6
Pakistan[7]	(6)	193.27	-1.4	-3.5	232.86	+0.2	+0.5
Thailand	(52)	229.53	-8.2	-0.1	231.22	-8.3	-0.8
Euro/Mid East							
Greece	(17)	220.27	-8.0	+12.8	327.51	-9.0	+15.0
Jordan	(5)	121.75	+1.7	+4.2	172.57	+1.8	+4.1
Portugal	(15)	87.62	+0.2	+13.4	89.37	-1.8	+14.5
Turkey[8]	(31)	90.40	-9.2	+32.1	406.74	-3.6	+48.2

Base date Dec 1984=100 except those noted which are (1)Feb 1 1991; (2)Jan 6 1992; (3)Jan 3 1992; (4)Jan 4 1991; (5)Nov 6 1992; (6)Sep 28 1990; (7)Mar 1 1991; (8)Aug 4 1989

ASIA PACIFIC

Nikkei surges 2.9% in run-up to Golden Week

Tokyo

BROAD buying by public fund managers and foreign investors triggered a rally that boosted equity prices by 2.9 per cent on the first day of the new trading account, *writes Wayne Aponte.*

The Nikkei average ended 583.08 ahead at 20,206.71, after trading between an intraday low of 19,642.41 and a high of 20,267.84. The last time the stock market settled above 20,000 was on April 19. The Topix index of all first section stocks was up 36.91 at 1,572.68, and in London the ISE/Nikkei 50 index firmed 1.03 to 1,241.83.

Volume on the first section of the Tokyo Stock Exchange was estimated at 600m shares, compared with Monday's final 299m. Advances overwhelmed declines by 1,004 to 87, with 84 issues unchanged.

Market sentiment turned bullish from the outset when public fund managers and foreign securities companies placed heavy buy orders. The advance squeezed market participants who had been expecting the Nikkei to trade lower and encouraged dealers, individual investors and investment trust managers to join the rally.

Analysts said there were no fundamental factors fuelling the day's impressive gains, but a steady yen against the dollar provided the stock market with stability.

One analyst at a Japanese brokerage said many investors now expected the Nikkei to hold current levels before the Golden Week holiday, which begins tomorrow. He added that government buying through public funds would discourage investors from selling the market short.

Non-ferrous metal issues rose in tandem with gold futures prices. Dowa Mining added Y12 at Y655 and Mitsui Mining and Smelting gained Y8 at Y518. But Sumitomo Metal and Mining, the most active issue of the day, ended unchanged at Y990.

Investors bought blue chips in the telecommunications sector on reports of a special provision in the government's budget for fiscal 1994 to improve new kinds of infrastructure. Nippon Telegraph and Telephone rose Y50,000 to Y973,000, Nippon Comsys Y90 to Y1,290 and NEC Y49 to Y980.

The day's buying spree also lifted the brokerages: Nomura appreciated Y100 to Y2,110, Daiwa Y50 to Y1,280 and Nikko Y47 to Y1,040.

In Osaka, the OSE average finished 493.65 higher at 21,923.14 in volume of 32.7m shares.

Roundup

IN the Pacific Rim, investors found a range of reasons to sell and markets finished lower on the day.

BANGKOK tumbled as worries heightened over an expanded investigation of the widening stock manipulation scandal. The SET index fell 13.70, or 1.6 per cent, to 869.98 in turnover of Bt3.4bn. Investors grew increasingly cautious as the Securities and Exchange Commission, which filed charges last week, was poised to increase its list of suspected stock manipulators.

HONG KONG eased as cautious investors realised profits ahead of the second round of Sino-British talks starting today. The Hang Seng index closed 8.87 down at 6,836.88 in turnover of HK$5.1bn, against Monday's HK$6.8bn.

Bank shares, which have led the recent rise, lost ground on profit-taking. HSBC Holdings receded HK$1 to HK$72.50.

SINGAPORE retreated on profit-taking after hitting a record intraday high in early trading. The Straits Times Industrial index was finally 10.63 off at 1,786.63.

AUSTRALIA declined as the rally in gold issues lost steam, prompting profit-taking in recent gainers. The All Ordinaries index slipped 5.4 to 1,704.7 in turnover of A$318.6m.

Higher gold bullion prices supported Newcrest Mining, which added 35 cents at A$3.27, but Commonwealth Bank, after recent strong gains, relinquished 28 cents to A$8.12.

SEOUL moved lower for the fourth consecutive trading day in thin volume as further profit-taking was seen. The composite index shed 7.96 to 722.96 in thin turnover of Won527.72bn.

KUALA LUMPUR was also subjected to profit-taking as some investors grew cautious over a further rise in the market. The composite index eased 0.87 to 692.57, while volume contracted to 462.6m shares from 510.2m.

MANILA closed moderately softer amid concern over prolonged power blackouts, but traders said overall sentiment remained firm. The composite index lost 3.02 to 1,549.39 in turnover of 369.5m pesos, against 333.9m pesos.

TAIWAN weakened in quiet trading. The weighted index ended 41.67 down at 4,506.11 in turnover of T$27.1bn. Brokers commented that talks taking place between Taiwan and China in Singapore had had little effect on the market.

SOUTH AFRICA

GOLD shares retreated from earlier highs in late trading, the index closing a net 32, or 2.2 per cent, down at 1,394. Industrials advanced 17 to 4,362 and the overall index put on 6 at 3,692. De Beers ended R2.50 higher at R78.75.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS — Figures in parentheses show number of lines of stock	MONDAY APRIL 26 1993: US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	FRIDAY APRIL 23 1993: US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX: 1993 High	1993 Low	Year ago (approx)
Australia (68)	142.68	+1.1	133.05	99.58	116.29	132.06	+0.2	3.74	141.18	132.90	98.71	116.27	131.84	144.18	117.39	144.94
Austria (18)	144.70	+0.4	134.92	100.98	117.92	118.20	-0.5	1.75	144.18	135.73	100.81	118.74	118.82	150.96	131.16	165.73
Belgium (42)	152.28	+0.1	141.99	106.26	124.09	121.11	-0.9	4.87	152.05	143.13	106.30	125.22	122.24	158.78	131.19	139.35
Canada (110)	125.21	+0.4	116.75	87.37	102.03	114.15	+0.2	2.91	124.73	117.41	87.20	102.71	113.89	125.97	111.41	125.60
Denmark (33)	217.26	+0.9	202.58	151.62	177.05	178.10	+0.0	1.27	215.29	202.66	150.51	177.29	178.17	217.26	186.11	232.87
Finland (23)	94.31	+4.3	87.94	65.82	76.86	108.11	+2.4	1.17	90.40	85.09	63.20	74.44	103.63	94.31	65.50	77.87
France (98)	161.78	+0.8	150.85	112.89	131.83	134.50	-0.2	3.35	160.57	151.15	112.25	132.22	134.76	167.36	142.72	158.23
Germany (62)	116.66	+0.6	108.78	81.43	95.08	95.08	-0.4	2.24	115.97	109.18	81.08	95.50	95.50	117.10	101.59	118.92
Hong Kong (55)	274.73	+1.8	256.17	191.72	223.90	272.47	+1.8	3.40	270.05	254.49	189.01	222.65	268.23	274.73	218.52	222.78
Ireland (15)	165.60	+0.8	154.41	115.56	134.95	148.86	-0.2	3.54	164.27	154.63	114.84	135.28	150.10	170.40	129.28	162.60
Italy (73)	70.41	+4.3	65.65	49.14	57.38	78.72	+2.1	2.57	67.48	63.52	47.17	55.57	75.11	70.41	53.78	71.92
Japan (470)	139.01	+0.5	129.62	97.01	113.30	97.01	-0.3	0.86	138.37	130.26	96.74	113.97	96.74	141.84	100.75	97.37
Malaysia (69)	312.46	+0.3	291.35	218.04	254.63	309.15	+0.8	2.16	311.49	293.12	217.69	256.42	308.21	312.46	251.66	235.17
Mexico (18)	1592.90	-1.9	1485.29	1111.61	1298.11	5388.74	-1.9	1.26	1624.12	1528.83	1135.45	1337.48	5493.20	1725.61	1410.30	1705.72
Netherland (24)	172.18	+0.4	160.55	120.18	140.32	138.35	-0.7	4.00	171.56	161.49	119.94	141.28	139.38	172.75	150.39	154.46
New Zealand (13)	48.45	+0.2	45.17	33.81	39.48	47.05	-0.8	4.65	48.35	45.51	33.80	39.82	47.43	48.67	40.56	43.89
Norway (22)	160.85	+2.2	150.00	112.25	131.11	144.46	+1.0	1.83	157.26	148.04	109.95	129.51	142.86	160.85	137.71	173.47
Singapore (38)	241.30	+0.0	225.00	168.39	196.64	179.64	-0.2	1.87	241.26	227.11	168.66	198.72	179.94	254.79	207.04	205.33
South Africa (60)	182.85	+4.6	170.51	127.46	148.85	162.94	+2.8	2.74	174.55	164.31	122.03	143.74	177.79	182.85	144.72	222.69
Spain (45)	132.62	+0.3	123.65	92.69	108.24	118.67	-0.3	5.18	132.46	124.69	92.81	109.09	117.01	132.82	115.23	148.64
Sweden (35)	174.66	+0.5	162.86	121.89	142.34	185.71	-0.8	1.81	173.78	163.56	121.48	143.10	187.13	174.66	149.70	185.02
Switzerland (56)	121.58	-0.1	113.38	84.85	99.09	106.84	-1.0	2.04	121.72	114.58	85.10	100.25	107.95	121.72	108.91	99.27
United Kingdom (218)	181.99	+0.3	169.70	128.99	148.30	169.70	-0.7	4.06	181.46	170.81	126.85	149.42	170.81	181.99	162.00	190.08
USA (519)	176.91	-0.6	164.96	123.47	144.18	176.91	-0.8	2.85	178.42	167.96	124.75	146.94	178.42	188.27	175.36	166.46
Europe (764)	149.02	+0.8	138.95	104.00	121.45	131.67	-0.4	3.39	148.12	139.43	103.56	121.99	132.54	149.02	133.92	149.41
Nordic (114)	165.12	+1.1	153.87	115.23	134.57	154.29	-0.1	1.62	163.32	153.73	114.18	134.49	154.52	165.12	142.13	173.55
Pacific Basin (713)	143.18	+0.5	133.51	99.91	116.69	103.34	+0.3	1.15	142.40	134.05	99.56	117.27	102.99	145.00	105.89	103.26
Euro-Pacific (1477)	145.45	+0.6	135.63	101.50	118.53	115.40	+0.0	2.09	144.62	136.14	101.10	119.09	115.38	146.03	117.26	121.92
North America (629)	173.69	-0.6	161.95	121.22	141.57	172.64	-0.8	2.88	175.08	164.80	122.41	144.20	174.03	182.38	171.51	163.90
Europe Ex. UK (546)	128.65	+0.8	119.96	89.79	104.86	110.67	-0.3	2.93	127.60	120.11	89.22	105.10	110.67	128.65	112.51	125.27
Pacific Ex. Japan (243)	184.64	+1.2	172.08	128.80	150.41	187.28	+0.9	3.25	182.31	171.61	127.47	150.15	185.84	184.54	152.70	161.27
World Ex. US (1865)	146.03	+0.6	136.18	101.92	119.01	117.41	-0.1	2.11	145.15	136.64	101.49	119.54	117.35	146.39	118.51	124.22
World Ex. UK (1966)	152.86	+0.0	142.53	106.68	124.58	132.41	-0.3	2.22	152.83	143.86	106.85	125.87	132.75	155.77	134.22	132.66
World Ex. So. Af. (2124)	155.33	+0.0	144.80	108.41	126.59	135.38	-0.3	2.40	155.32	146.21	108.60	127.92	135.82	157.68	137.29	136.87
World Ex. Japan (1714)	165.85	+0.1	154.65	115.75	135.18	157.45	-0.5	3.06	165.07	156.32	116.11	136.77	158.30	168.09	157.47	159.95
The World Index (2184)	155.40	+0.0	144.91	108.45	126.65	135.81	-0.3	2.40	155.33	146.22	108.60	127.93	136.21	157.63	137.32	137.52

Latest prices were unavailable for this edition.